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## Russia Raises Tensions And Confusion in West

'Don't Push Us' on Balkans, Yeltsin Warns

By Celestine Bohlen  
New York Times Service

MOSCOW — No, President Boris Yeltsin did not order Russian nuclear missiles to be retargeted at NATO states participating in the bombing of Yugoslavia. Nor did he formally endorse the joining together of Russia, Belarus and Yugoslavia in a geographically awkward Slavic union.

But at a meeting Friday with Gen. Vladimir Lukin, the Russian ambassador to the United States, the president's spokesman said that the Russian lower house, he clearly and unmistakably warned the West not to push Russia into another war in the Balkans.

"I told NATO, the Americans, the Germans, don't push us toward military action," Mr. Yeltsin said, speaking before television cameras. "Otherwise there will be a European war for sure, and possibly a world war. We are against this."

It took the Kremlin the better part of Friday to clarify just exactly what Mr. Yeltsin had said and had not said in his meeting with Mr. Lukin. It was Mr. Lukin, the Russian ambassador, who was emerging from the meeting with Mr. Yeltsin on Friday morning, first sent out the alarming reports that Russia would be targeting NATO states with nuclear warheads, a statement that sent off an intense flurry of diplomatic activity in Western capitals.

By mid-afternoon, top Russian officials were issuing denials. "As far as we know in the Foreign Ministry, no orders concerning missiles have been issued," Foreign Minister Igor Ivanov said.

Mr. Yeltsin also oversteated the president's support for a union among Russia, Belarus and Yugoslavia, an idea pushed by President Slobodan Milosevic of Yugoslavia as a way of

shoring up Moscow's support for Belgrade. According to remarks telecast Friday night, Mr. Yeltsin had told Mr. Lukin that the proposal should be studied.

A union between Russia and Belarus is under negotiation, but as the proposal now stands, its main purpose is to standardize economic relations between the two neighboring countries, without any references to military or security agreements. As Dmitri Yakushkin, a Kremlin spokesman, noted late Friday, including Yugoslavia in such a union would involve several "extremely complicated and delicate" questions that would take months to resolve.

Mr. Yeltsin has repeatedly and publicly pledged to keep Russia out of any military involvement in Yugoslavia, a promise that the United States and its NATO allies said Friday was reaffirmed through diplomatic contacts.

But Russia's angry and harsh denunciations of the NATO campaign against Yugoslavia, and vague threats to adjust its military doctrine, have raised enough concern to prompt a meeting next week in Oslo between Mr. Ivanov and Secretary of State Madeleine Albright.

In other remarks, Friday, Mr. Yeltsin set down further markers on future NATO policy in the Balkans. "They want to use ground troops, take over Yugoslavia, make it their protectorate," he said. "We cannot allow this. Russia and the access to the Mediterranean Sea are nearby, so we can by no means give Yugoslavia away."

Russia dispatched a reconnaissance ship last week from its Black Sea fleet toward the Adriatic Sea.

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## Clinton Denounces Belgrade's Tactics



Novi Sad residents protesting the NATO air strikes Friday from the one bridge left standing in the Serbian city.

## Defiant Serbs Turn Target Into Weapon

A Popular Symbol of Anger Spreads as Yugoslavia Arms Itself With Irony

By Michael Dobbs  
Washington Post Service

BELGRADE — The predominant popular reaction in Yugoslavia to the NATO bombing campaign, a mixture of fatalism, defiance, gallows humor and paranoia, is best summed up by a symbol that has taken the country by storm over the past two weeks.

You see the target sign everywhere, adorning billboards, the clothes of young children, newspaper front pages, Web sites, bridges and lapels of government ministers. It is designed to mock Western claims that NATO has no quarrel with the Serbian people, only with their leaders.

"We are trying to relieve our anger through humor," said Miroslav Radic, the director of a small public relations company in Belgrade that is responsible for popularizing the target sign.

"We are trying to send a message that not just Serbs, but anybody in the world can be targeted by aggression or by an anonymous bureaucracy," Mr. Radic added.

The sign, supposedly borrowed from the advertising symbol for the American department store chain Target, has multiplied like a virus in the 16 days since NATO planes and cruise missiles began hitting sites that Western officials say are parts of President Slobodan Milosevic's war machine.

Something of a Serbian equivalent of the peace sign worn by American peace demonstrators in the 1960s, it reflects widespread anger and bewilderment over the bombing. While the anger has been harnessed by the authorities and fanned by government propaganda, it has deep roots in the popular psyche.

The grass-roots reaction to the bombing is best conveyed by the Serbian word *inat*, which has no direct English equivalent but implies a combination of extreme stubborn-

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## President Calls Milosevic Plan An 'Illusion' Of Compliance

By Paul Horvitz  
International Herald Tribune

PARIS — President Bill Clinton accused the Yugoslav leadership on Friday of offering only an "illusion" of compliance with NATO demands that Belgrade cease hostilities in Kosovo, pull its forces out of the province and permit the safe return of the ethnic Albanians who have been forced to flee.

"NATO is determined to persist and prevail," the president declared. "The fundamental reality is unchanged."

His statement in Washington was clearly designed to blunt assertions by the Belgrade government the previous day that Yugoslavia had ended its military offensive in Kosovo because "peace has been restored" there and that the refugees were welcome to return home.

It also signaled that any partial peace offer by President Slobodan Milosevic of Yugoslavia — which some European officials said they expected during a weekend that includes the Orthodox Easter — would not halt the alliance's air campaign against targets in Serbia and Kosovo.

"Milosevic still thinks he can manipulate the situation by cynically using innocent people," Mr. Clinton said. "He

More news of the Balkan crisis on Pages 2, 4 and 7.

hopes we will accept as permanent the result of his ethnic cleansing. We will not.

"If we settle for half-measures from Mr. Milosevic, we will get nothing more," Mr. Clinton continued. "And what we have from Mr. Milosevic today is not even partial compliance but the illusion of partial compliance."

Similarly, North Atlantic Treaty Organization officials said Friday in Brussels that they had no evidence that Yugoslav forces were withdrawing from Kosovo. Rather, they said, Belgrade's troops were "digging in" and continuing to lay mines along the country's borders.

In Bonn, the German military chief of staff said there were "indications" that the Yugoslav Army had stopped its offensive in Kosovo and redeployed to defensive positions, perhaps because its capacity to fight had been damaged.

In Washington, the Pentagon spokesman, Ken Bacon, said Friday that the United States had reports of the systematic rape of Kosovo women at a Yugoslav Army training camp and added that about 20 of the women had been killed.

It was the first time the Pentagon had issued a specific charge of such an atrocity by Serbian forces in their drive against Kosovo Albanians, although U.S. officials have been reporting widespread war crimes.

Separately, the alliance's chief military spokesman, Air Commodore David Wilby, conceded that a bomb missed its mark Wednesday and caused unintended damage to civilian structures near a postal and telephone building in central Pristina, the provincial capital of Kosovo.

Reports from the scene indicated that at least 10 people had died in the bombing, and Commodore Wilby said that the alliance regretted the loss of life.

He reaffirmed, however, that the postal and telephone building was a "critical" military target.

Similarly, he said that an auto plant inside Serbia that produces the Yugo model had been bombed because it also produces "military machinery." Serbian reports said that more than 100 workers had been wounded in the overnight raid.

Commodore Wilby said in Brussels

## U.S. and China Tackle Common Foe: Pollution

Human Rights Issue Dogs Zhu in Washington

Compiled by Our Staff From Dispatches

WASHINGTON — China and the United States found common ground Friday on protecting the environment and on aviation, but U.S. criticism of Beijing's human-rights record again dogged a visit by the Chinese prime minister, Zhu Rongji.

Mr. Zhu and Vice President Al Gore opened a joint forum on the environment and development while Foreign Minister Tang Jiaxuan and Secretary of State Madeleine Albright signed an agreement doubling flights between the two countries.

Mr. Zhu and Mr. Gore, whose countries are the biggest producers of greenhouse gases, agreed on the need to reconcile economic development and environmental protection and promised to encourage cooperation between U.S. and Chinese experts.

Mr. Zhu also suggested that the key to erasing the large U.S. trade deficit with China could be exports of American technology to help China overcome its environmental problems. According to U.S. estimates the trade deficit was \$57 billion last year, although Chinese calculations suggest the figure is much smaller.

Either way, Mr. Zhu said he would be willing to trade the surplus for a cleaner environment.

"If that happens I will be very happy," Mr. Zhu told a U.S.-Chinese conference on development and the environment.

Mr. Zhu was scheduled to make a major foreign policy speech at a Washington hotel later Friday, an event expected to attract protests on human rights and Tibet.

Reaction to Mr. Zhu's visit among U.S. politicians has so far been muted, with many members of Congress out of the capital for the Easter break. But at a breakfast meeting Friday with more than a dozen members of Congress, Mr. Zhu ran into criticism of China's crackdown on pro-democracy activists.

The legislators said Mr. Zhu had not

responded directly to their concerns but had focused on China's push for membership of the World Trade Organization and on intense negotiations to clear the way for its entry.

"He requested our assistance to try to get China's accession in 1999," Representative Alcee Hastings, Democrat of Florida, said after the meeting at Blair

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### AGENDA

#### Niger Leader Killed; Coup Attempt Seen

ABIDJAN, Ivory Coast (Reuters) — President Ibrahim Bare Maïnassara of Niger was assassinated Friday, apparently in a coup attempt. A correspondent in the capital, Niamey, said the president had been shot by soldiers at the airport.

Prime Minister Ibrahim Assane Mayaki announced the death on state radio but said the president had been killed in an "unfortunate accident." The police and witnesses at the airport said he had been ambushed, with police sources saying the killing occurred as the president was to leave on a domestic trip.

The Dollar			
New York	Friday 4 P.M.	previous close	
Yen	1.0795	1.0743	
Pound	1.6083	1.6056	
Yen	120.87	121.15	
DM	1.8113	1.8207	
FF	6.0748	6.1062	

The Dow			
Friday close	percent change		
-28.86	10,173.84	-0.23%	
S&P 500			
+4.37	1,348.35	+0.33%	

Newsstand Prices			
Bahrain	1,000 BD	Malta	55 c
Cyprus	€ 2.10	Nigeria	12500 Naira
Denmark	17 DKR	Oman	1250 QR
Finland	12.00 FM	Qatar	10.00 QR
Gibraltar	€ 0.85	Rep. Ireland	IR £1.10
Great Britain	UK £1.00	Saudi Arabia	10 SR
Egypt	£E 5.50	S. Africa	R16 ind VAT
Jordan	1,250 JD	U.A.E.	10.00 Dh
Korea	₩ 180	U.S. MK (Eur)	\$ 1.20
Kuwait	700 Fils	Zimbabwe	2m540.00



A German soldier helping break up a fight between refugees Friday at a NATO camp in Stankovic, Macedonia.

## At the Border, a Worrisome Mystery

By Craig R. Whitney  
International Herald Tribune

BRUSSELS — Three days after Serbian border police closed crossing points from Kosovo into Macedonia and Albania, NATO said Friday that its sophisticated military surveillance had not yet been able to solve the mystery of what happened to tens of thousands of ethnic Albanian civilians who had been stuck there.

"A key question is what is happening to the people who were trying to leave," an alliance spokesman, Jamie Shea, said, referring in particular to what he called the "car people" whose automobiles had been lined up 20 kilometers inside Kosovo near the Albanian border before vanishing overnight Tuesday.

A senior diplomat from an allied European country said

that NATO civilian authorities had asked the military command Thursday to intensify reconnaissance over Kosovo to try to locate the missing civilians.

Unmanned U.S. reconnaissance drones have been flying over the province for the past several days.

But a NATO military spokesman, Air Commodore David Wilby, said Friday that allied intelligence had been concentrating mostly on finding tanks and other armored vehicles for allied bombers to strike. Serbian paramilitary police and army units have been using the tanks in attacks that have driven hundreds of thousands of civilians out of Kosovo.

General Klaus Naumann, chairman of the Military Committee at the alliance's headquarters here, has also requested surveillance reports from individual allies' reconnaissance

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## Rate Cut Alone Probably No Cure-All for Europe

By John Schmid  
International Herald Tribune

FRANKFURT — European politicians, who incessantly pressured the newborn European Central Bank for lower interest rates, have been looking for an economic panacea for the continent's high unemployment and lingering economic malaise.

But what they got with the deep and dramatic cut in lending rates this week is just a placebo, private economists and business leaders said Friday.

"There will be only a marginal stimulus, and it will mainly be psychological," said Eckhard Schulze, economist in Frankfurt at the Industrial Bank of Japan.

The central bank, rather than handing the politicians a victory, has in effect put

them on notice that they themselves bear real responsibility for stimulating economic growth and putting Europeans to work.

While European economies staged a modest rally last year, growth has begun to stumble again. Indeed, on Friday the depth of economic pessimism in the 11-nation euro bloc was evident in new figures showing that economic confidence fell in March. Economic confidence fell to 104.0 points in March from 104.2 in February, according to the Brussels-based Eurostat statistical agency.

At first glance the drop might seem modest, but it included an ominous erosion of consumer confidence, which until now has defied the rapid cooling of the global economy. Consumer confidence in the euro bloc slipped to minus 1 in March from zero in the previous month.

Industrial confidence, which has continually deteriorated for the past 12 months, continued its slump to minus 12 from minus 11 in February, according to the agency, which is the statistical arm of the European Commission.

The European Central Bank, acknowledging that the euro bloc is struggling with high unemployment and sluggish growth, voted Thursday to ease credit for the first time since the Jan. 1 inauguration of the common currency, the euro.

Although the rate cuts announced Thursday were deep by any measure, reducing the main money market rate to 2.5 percent from 3 percent, the looser credit does little to remedy Europe's

two main economic ailments, most economists said Friday.

The first flows from Asia, where the once-booming tiger economies are just beginning to emerge from recession and still not buying the European exports they once did. An interest rate cut in Europe, economists were quick to note, does nothing to stimulate demand on the other side of the globe.

Yet, Elga Bartsch, London-based economist for Morgan Stanley Dean Witter & Co., expects that Asia's stricken economies will revive next year, promising renewed strength in Europe. "That will be a turnaround factor," she said.

The second problem, according to the ECB, is the unwillingness or inability of

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# In Shadow of Hanoi's Downed B-52, Serbian News Is Familiar

By Seth Mydans  
New York Times Service

HANOI — It is now an official relic of the Vietnam War, a ragged chunk of a U.S. B-52 bomber, with landing gear still attached, poking up from the surface of a small pond in the center of Hanoi.

It has lain where it fell for more than 26 years, since the two-week-long "Christmas bombing" of Hanoi in 1972. The flower farms that surrounded it have given way to urban sprawl, and a generation of Vietnamese who do not remember the war has been born.

This week it was a conversation piece, the occasion for a touch of smugness, even triumphalism, as people talked about the NATO bombing in Yugoslavia and let slide their usual studied politeness about their defeat of U.S. military might.

"The Vietnamese are heroes!" cried Phan Minh Sun, 77, a frail man with a wispy white beard, a fedora and a blue blazer worn over striped pajamas. "The Vietnamese are great!"

"In the end the Americans were defeated by the steadfastness of Vietnamese policy," he said, a dutiful Communist who described himself simply as a retired worker. "Vietnam is very poor, but we beat the Americans. Kosovo can do the same."

Chu Huy Tuan, who was 2 years old when the B-52 was shot down, said that he had been watching television reports of the bombing of Yugoslavia and that the Serbs could prevail if they just held out.

"The Vietnamese people want the Kosovo people to beat back the American bombing just as we did," he said, balancing his baby daughter on the handlebars of his bicycle.

"Vietnam has been free for 4,000 years," he said. "Whoever has come to fight us — China, France, America — they're all gone."

News in Vietnam is carefully controlled and the opinions of people like Mr. Tuan are shaped by television news programs that emphasize bombing

rather than Serbian persecution of the ethnic Albanians in Kosovo and by newspaper commentaries that play up the surface parallels with the Vietnamese experience.

"The NATO air strikes have again divided the United States, which now faces the possibility of repeating the mistakes it made in its war against Vietnam," said the army newspaper, Quan Doi Nhan Dan.

It described the fighting as "a U.S.-led military adventure that can go nowhere."

Another newspaper, Nhan Dan, said, "President Bill Clinton, who protested against the Vietnam War, should be aware of how tragic that war was for the United States and avoid repeating such a terrible tragedy."

Sounding a common theme, newspapers warn of an aggressive United States that wants to use its power to set the agenda for the world.

"The logic of such unfettered military might means that no one can be sure

where the world will be led," the army newspaper said Sunday.

Twenty-four years after it ended, the "war against the Americans" still defines national identity for many Vietnamese, allowing them to view themselves as heroes even as they struggle with continuing poverty and isolation.

The United States is generally admired — more warmly in the south than in the north — and Americans are welcomed.

The hundreds of thousands of Vietnamese who managed to flee to America are envied in the south and viewed in the north with a mixture of envy and resentment.

America, with its wealth and freedoms, represents a modern world that Vietnam fears — and aspires to.

Politically, many Vietnamese also make a distinction between the U.S. government and its people.

"It's not the American people who are bombing Kosovo, it's the government," said Bui Thanh Son, 37.

"The same in Vietnam," he added.

"Vietnam and America are brothers." Mr. Son was a boy of 11 during the Christmas bombing, too young to be frightened, he said. "I liked to go out and look at the shooting in the sky," he said. "It was on the last night that they shot down the B-52. I went and cut off pieces of it and sold them for scrap."

In the years since, the shores of the pond have been reinforced and a small plaque has been dedicated. In the afternoon, people sip tea at a white plastic table by their banks. Children shout in a nearby schoolyard. People with small nets fish for bait.

One of them, Nguyen Van Nam, 74, said the pond used to be full of fish. "When the B-52 fell there was a huge splash and there were fish lying all over the ground," he said.

Mr. Nam waved his hand wearily when asked what he thought of the Christmas bombing of his country. "What do I think?" he said. "What should I think? People died here."

## ZHU: Meets With Gore

Continued from Page 1

House, the government guest house where Mr. Zhu is staying.

"It was a very, very good exchange," he added.

Senator Max Baucus, Democrat of Montana, said a good WTO agreement would probably get congressional approval, despite the concerns about human rights, Beijing's policy on Taiwan and Tibet, and allegations of Chinese nuclear espionage.

"It's going to be very hard to turn down a good agreement despite our feelings on other issues," he said.

The meeting with Mr. Gore echoed the good humor of Mr. Zhu's talks with President Bill Clinton on Thursday.

Mr. Zhu and Mr. Clinton announced substantial progress on a market-opening trade pact to bring China into the WTO, but they said more time was needed to complete a deal.

At a news conference after their White House meeting, Mr. Clinton and Mr. Zhu said they were committed to completing a deal before the end of the year.

"Although the deal wasn't closed, this was a very positive process with respect to getting a WTO agreement on commercially acceptable terms," Treasury Secretary Robert Rubin said Friday.

"I think we made enormous progress."

Trade officials said agreement had been reached on a broad range of market access issues.

Both business executives and China experts expressed surprise at the scope of some of Beijing's concessions — some of which may have as much political resonance as economic impact.

For the first time, for example, China agreed to permit American telecommunications companies to control Chinese cellular telephone firms and Internet companies and to operate throughout the vast country of 1.2 billion people.

How China would square that with its efforts to quash political opposition and limit Internet access was unclear.

Among the issues left outstanding, though, were some that affect two of Mr. Clinton's most high-profile constituencies: Wall Street and Hollywood.

China has refused to let American brokerages into its free-for-all stock markets, and, complaining of "cultural pollution," it wants to restrict the number of American movies that can be released in its theaters.

Lincoln Example Irks Taiwan

Taiwan responded with bewilderment and anger Friday after Prime Minister Zhu invoked Abraham Lincoln to justify China's policy of refusing to rule out military force to reunite with the island, The Associated Press reported.

At a news conference, Mr. Zhu said Thursday that China should take Lincoln as a "model" because the president who won the American Civil War "resorted to the use of force" to maintain the unity of the United States.

Shen Ke-sheng, vice chairman of the government's Mainland Affairs Council, said he hoped that Mr. Zhu did not imply that China would seek military force to resolve its sovereignty disputes with Taiwan.

Foreign Minister Jason Hu said Mr. Zhu should be embarrassed to use such illogical reasoning. (Reuters, AFP, AP)

## Military Role Raises Fears Amid Unrest In Indonesia

By Michael Richardson  
International Herald Tribune

JAKARTA — Persistent reports of abuses by the military in handling Indonesia's separatist and sectarian conflicts are raising concern among some senior officials, as well as analysts and foreign diplomats, that the armed forces are contributing to a dangerous cycle of national violence.

Although the charge is denied by commanders, some critics say that influential conservative factions in the discredited military are trying to create chaotic conditions that would justify a crackdown and the return of the authoritarian rule that brought them power and privilege during the 32 years that former President Suharto was in office.

Other analysts say that the military leadership is committed to improving the performance of the armed forces, but that the lack of financial resources, weaknesses in the chain of command and poor training and discipline among troops are undermining progress.

Either way, there is concern that even if the army and police stick by their pledge to be politically neutral, they are unlikely to be able to maintain the peace in the campaign that formally starts next month for parliamentary elections on June 7. The outcome of the voting will largely determine who will be chosen as the country's next president for a five-year term in November. The current president, B.J. Habibie, replaced Mr. Suharto last year and pledged to push through wide-ranging democratic reforms.

In an unusually blunt address to a closed-door meeting of Indonesian and Australian military commanders in Jakarta last month, Dewi Fortuna Anwar, a senior foreign policy adviser to Mr. Habibie, said that Indonesia had a prospect of "devastating social unrest" and a breakdown of government control.

In a clear rebuke to the military, she



Youths with homemade weapons boarding a truck in Borneo, where interracial violence has killed more than 170.

said that there was "an urgent need for the armed forces to put the situation under control effectively, for failing to do so would drive Indonesia to enter a stage of state failure, the cost of which would be unbearable not only for the country but also for the region."

Miss Anwar warned that increasing chaos could prompt huge numbers of Indonesians to seek refuge in neighboring countries, a development that would "seriously threaten the stability of Asia and the Pacific region as a whole."

She also said that recent sectarian violence had occurred in different parts of the vast Indonesian archipelago, making it difficult for the military and police, who number only about 500,000 in a population of more than 200 million, to respond effectively.

"Worse still, the Indonesian armed forces are now at their weakest point and still undergoing fundamental reforms preventing them from properly maintaining and enforcing law and order," she said, according to a transcript of the address issued by her office.

"If the armed forces and Indonesia's people as a whole fail to check these interreligious and interracial conflicts, they may trigger more devastating social unrest in Indonesia."

Other officials share this concern. Not long before Miss Anwar spoke, the cooperatives minister, Adi Sasono, said that the violence in different parts of the country appeared to have been deliberately provoked and that if the military "does its job well, Indonesia will be doing much better."

Mr. Sasono specifically criticized the armed forces chief and defense minister, General Wiranto, saying that he hoped that the general "can do his job better in the future."

More than 400 people have died in communal and separatist violence in Indonesia this year, and the security forces have been widely criticized for failing to halt the bloodshed and for often inflaming unrest by shooting civilians.

In the latest of such incidents, East Timor's Roman Catholic bishop, Carlos Belo, a 1996 Nobel peace laureate, said this week that East Timorese militia members, who want the disputed territory to remain part of Indonesia, had shot or hacked to death at least 25 people. They were among 2,000 terrified villagers who were sheltering in a priest's house and a church in Liquica, not far from East Timor's capital, Dili.

Bishop Belo said that he had "no doubt" the Indonesian military was supporting the militiamen involved in the "massacre," although an armed forces spokesman denied this.

"Some of us suspect that elements in the military want to undermine the trend toward civilian control in Indonesia," said a diplomat based in Jakarta, who asked not to be identified. "Remember it was Habibie who surprised everyone, especially the military, by offering in January to give East Timor an effective choice between autonomy or independence."

Since East Timor was invaded in 1975 and annexed the next year, hundreds of Indonesian soldiers have been killed or wounded in fighting with East Timorese guerrillas, who want independence. Some army officers reportedly believe that it would be a grave blow to national unity and military prestige for East Timor to be allowed to break away.

Miss Anwar said in an interview with the BBC overseas radio service Wednesday that it would be "problematic" for Jakarta to allow a United Nations peacekeeping force to enter East Timor now, as demanded this week by the East Timor rebel leader, Xanana Gusmao.

"There are many forces within Indonesia itself which are not fully supportive of this measure that the government has taken in East Timor," she said. "To be seen to be giving in too much to the anti-integration side would put the Indonesian government in a rather difficult position."

Edi Sudrajat, a former army chief and Indonesian minister who now heads the Justice and Unity Party, one of 43 parties competing for seats in the new Parliament, said that Indonesians had lost their trust in both the government and military leadership because of the failure to halt the violence.

"People no longer believe in those in power or in positions of command," he said.

Justif Wanandi, chairman of the supervisory board of Indonesia's Center for Strategic and International Studies, said that the armed forces were discredited because they had been "so repressive for so long as hatchet boys of Suharto. They committed a lot of excesses which people remember and resent."

The Jakarta Post said in a recent editorial that lack of discipline in the military had become intolerable. "Military academics should introduce human rights subjects in their curriculum," the newspaper said.

## Timor's Rebel Leader Is Ordered To Take Back His Call to Arms

Compiled by Our Staff From Dispatches

JAKARTA — The Indonesian government said Friday that the East Timor rebel leader Xanana Gusmao must retract a call to arms to his followers or go back to prison.

The ultimatum came as rights groups made public lists of names of people missing and believed killed in what they charge was a massacre of East Timorese refugees by pro-Indonesian militiamen in the territory on Tuesday.

Justice Minister Muladi said he was checking whether Mr. Gusmao had made a call to arms on Monday as a series of violent incidents continued between pro-

and anti-independence forces, and the day before a reported massacre in Liquica. If Mr. Gusmao had indeed "declared war," Mr. Muladi said, it would indicate that he had "clearly violated" the terms of his release and "we will return him to Cipinang."

Separately, new fighting between Christians and Muslims killed at least two people Friday in the Moluccas, an east Indonesian province where hundreds of people have died this year. One person was killed in Amahai on Seram island and the other in Tual on Kai Kecil island, according to local police and the official Antara news agency. (AFP/AP)

## Iraq Rejects UN Overtures

New York Times Service

UNITED NATIONS — Iraq has angrily rejected the recommendations of three special panels that have tried to find a solution to the diplomatic impasse over Iraq on the Security Council.

Western diplomats said Iraq's blistering response made it clear that Baghdad would not accept any further arms inspections unless economic sanctions imposed after its defeat in the 1991 Gulf War were lifted.

"The net result of the recommendations is disappointing" because they "fall short of the goal, which should have been putting an end to the prolonged regime of sanctions," Iraq wrote in response to reports issued last week by Celso Amorim, Brazil's UN representative, who led all three panels. The panels' conclusions not only provide "the enemies of Iraq with the pretext for future aggression," it said, but also infringe on Iraq's territorial sovereignty and dignity. "Such a position," it declared, "will never be accepted by the government of Iraq."

The panels sought compromises that would permit new arms inspections, improve Iraq's welfare and resolve the fate of more than 600 people who disappeared after Iraq invaded Kuwait in 1990.

## TRAVEL UPDATE

### U.S.-China Air Accord

WASHINGTON (AFP) — The United States and China on Friday signed a new aviation accord, doubling weekly flights between the two countries.

The number of passenger and cargo flights for each country increases from 27 to 35 a week immediately, with the frequency rising to 44 by April 2000 and then to 54 a year later.

In addition, a fourth company from each country will be allowed to join the ranks of those already operating flights.

### Asian Hotels Suffer

SINGAPORE (AFP) — Major Asian hotel markets, with the exception of resorts in Phuket, Thailand, posted double-digit declines in 1998, and oversupply will continue in 1999, consultants at Jones Lang LaSalle Hotels said Friday.

According to the company's Asia Hotel Property Digest, Jakarta was the most badly affected market with room yields falling 62 percent.

It was followed by Kuala Lumpur and Bali, down 39 percent, and Shanghai, off 36 percent. Room yields in Manila dropped 32 percent, and in Singapore they declined 24 percent.

### Air Passenger Increase

GENEVA (AP) — Airports handled more than 2.8 billion passengers last year, an increase of 2.9 percent.

The rise occurred despite the Asian economic crisis, which pushed passenger traffic in the region down by 5.6 percent, to 426.7 million people, the Airports Council International said.

### Egypt Exhibit Opens

PARIS (AP) — More than 200 objects from Egypt's golden age went on display Friday at the Grand Palais in what art experts call the world's first major show of Old Kingdom masterpieces.

"Egyptian Art at the Time of the Pyramids" features statues, bas-reliefs, and jewelry dating from 2700 B.C. to 2200 B.C.

### Concorde Anniversary

LONDON (AP) — The Concorde marked the 30th anniversary of its British debut Friday by returning to its original airport west of London.

About 100 enthusiasts packed the one-hour supersonic return trip from London's Heathrow Airport to Filton, a blink-of-an-eye 100 miles (160 kilometers) west — via Scotland, 400 miles north.

## WEATHER

Forecast for Sunday through Tuesday, as provided by AccuWeather.

Europe				Asia			
City	High/Low	Wind	Clouds	City	High/Low	Wind	Clouds
Algeria	64/52	W	Partly	Algeria	64/52	W	Partly
Amsterdam	54/42	W	Partly	Amsterdam	54/42	W	Partly
Antwerp	54/42	W	Partly	Antwerp	54/42	W	Partly
Athens	64/52	W	Partly	Athens	64/52	W	Partly
Berlin	54/42	W	Partly	Berlin	54/42	W	Partly
Bombay	84/72	W	Partly	Bombay	84/72	W	Partly
Buenos Aires	64/52	W	Partly	Buenos Aires	64/52	W	Partly
Calcutta	84/72	W	Partly	Calcutta	84/72	W	Partly
Cardiff	54/42	W	Partly	Cardiff	54/42	W	Partly
Chennai	84/72	W	Partly	Chennai	84/72	W	Partly
Copenhagen	54/42	W	Partly	Copenhagen	54/42	W	Partly
Dublin	54/42	W	Partly	Dublin	54/42	W	Partly
Edinburgh	54/42	W	Partly	Edinburgh	54/42	W	Partly
Geneva	54/42	W	Partly	Geneva	54/42	W	Partly
Hamburg	54/42	W	Partly	Hamburg	54/42	W	Partly
Helsinki	54/42	W	Partly	Helsinki	54/42	W	Partly
Istanbul	64/52	W	Partly	Istanbul	64/52	W	Partly
London	54/42	W	Partly	London	54/42	W	Partly
Los Angeles	64/52	W	Partly	Los Angeles	64/52	W	Partly
Madrid	64/52	W	Partly	Madrid	64/52	W	Partly
Moscow	54/42	W	Partly	Moscow	54/42	W	Partly
Munich	54/42	W	Partly	Munich	54/42	W	Partly
Nairobi	84/72	W	Partly	Nairobi	84/72	W	Partly
Paris	54/42	W	Partly	Paris	54/42	W	Partly
Prague	54/42	W	Partly	Prague	54/42	W	Partly
Rangoon	84/72	W	Partly	Rangoon	84/72	W	Partly
Rio de Janeiro	64/52	W	Partly	Rio de Janeiro	64/52	W	Partly
Rome	64/52	W	Partly	Rome	64/52	W	Partly
Sao Paulo	64/52	W	Partly	Sao Paulo	64/52	W	Partly
Seoul	54/42	W	Partly	Seoul	54/42	W	Partly
Stockholm	54/42	W	Partly	Stockholm	54/42	W	Partly
Taipei	64/52	W	Partly	Taipei	64/52	W	Partly
Tokyo	64/52	W	Partly	Tokyo	64/52	W	Partly
Warsaw	54/42	W	Partly	Warsaw	54/42	W	Partly
Zurich	54/42	W	Partly	Zurich	54/42	W	Partly

Legend: sunny, partly cloudy, cloudy, drizzle, rain, snow, thunderstorm, hail, ice, fog, etc.



# Loath to Lose Backing, Bush Calibrates Stands On Tough Issues, He Plays to Both Sides

By Richard L. Berke  
New York Times Service

AUSTIN, Texas — Ask Governor George Bush of Texas, the early favorite for the Republican presidential nomination, about prickly issues and his carefully wrapped responses are those of the ultimate Rorschach politician: Voters can see what they want to see.

In comments that should please advocates of gay rights, Mr. Bush maintained that no one should be disqualified from an ambassadorship or other presidential appointment because he or she is a homosexual. But he also appealed to opponents of gay rights, saying that homosexuals should not be foster parents, and that there should not be a specific reference to them in hate crime legislation.

He also takes a play-to-both-sides position on abortion. Unlike some of his rivals, Mr. Bush refused to say whether he would insist on a running mate who opposed abortion.

"It's too early to determine," he said. "Though he described himself as 'pro life,' he appealed to voters who are less adamantly opposed to abortion by saying the country was not ready to embrace a constitutional amendment banning all abortions."

At first, Mr. Bush preferred not to wade into the most nettlesome issue of the day, the crisis in Yugoslavia. He refused to say whether President Bill Clinton's policies had been sound. Again and again, he stuck to the same line: "He'd better have a clear exit strategy."

But stung by criticism, including an editorial in the reliably conservative

Wall Street Journal that attacked his statements as "so vague and tepid as to be almost Clintonian," Mr. Bush has expanded on his views a bit.

At a news conference in Austin on Thursday, he suggested he could be open to the deployment of ground troops, saying, "I worry about whether or not the bombing campaign is being done with ferocity." He said it "should be a military decision as to whether or not troops are needed."

In a striking contrast to his opponents who are scurrying across the country trying to gain traction by articulating their stands, Mr. Bush is staying put in the Texas Capitol, sitting on his never-whispering lead in the polls, and saying as little as possible.

When he does address issues, as he did in an interview last week, Mr. Bush skates between the left and the right, calibrating his answers to avoid offending anyone. His reticence may make alienating supporters if he began taking hard positions. With several opponents ready to pounce on Mr. Bush, whom they view as their biggest obstacle to the nomination, the fast thing he wants is to give them more ammunition.

The danger in the governor's strategy is that his detractors have begun to portray him as not prepared to run for national office. On abortion, for instance, he has been attacked for his comments both by liberal groups and by conservative candidates.

"It's a strategy of rational ambiguity," said David King, a professor of public policy at Harvard University. "You try and hide your true positions to increase the number of people who will



Mr. Bush taking reporters' questions in Austin, Texas. He deferred to the military on whether ground forces were needed in Yugoslavia.

identify with you. He's doing it early in the campaign to increase the amount of money he gets."

As the campaign progresses, Mr. King said, Mr. Bush will need to appeal to conservative primary voters by "moving slightly to the right."

Sitting with his feet propped up on his desk at the Capitol in Austin, Mr. Bush said he was resigned to the criticism.

"I guess it's what happens when you're the front-runner," he said.

Bristling at the notion that he is an empty vessel, Mr. Bush said: "I state what I believe. I've got a record. I've actually served in office. And I've signed or vetoed bills. I did a lot of speeches. And some people will like it and some people won't."

There were issues he had to figure out for himself, Mr. Bush said, insisting that he was not hiding but waiting until June, after the state legislature adjourns, to begin campaigning.

"I'm certainly not underestimating the task," he said. "It's going to be a lot

of work — not only physically — but I haven't the federal issues like a lot of the other candidates have. I'm coming from the outside. So I've got a lot of work to do."

On a variety of issues, Mr. Bush ambles down the middle of the road. He opposes racial quotas, for example, but supports other efforts to open doors for minorities. He calls his approach "affirmative access."

He has advocated voluntary school prayer before high school football games. Yet he is careful to say that the choice should be left to the students.

Mr. Bush said he recently had "a very frank discussion" with Pat Robertson, the founder of the conservative Christian Coalition, as part of his concerted effort to woo all factions of his party. Mr. Bush said he talked about "my heart, what my beliefs are."

How important would he consider Mr. Robertson's endorsement? "I want everybody to support me," Mr. Bush said.

## POLITICAL NOTES

### No Joking, TV Comedians May Damage Gore Image

WASHINGTON — Recent overstatements by Vice President Al Gore have made him the butt of late-night comedians and his Republican opponents, but for Mr. Gore, who is running for president, such jokes are no laughing matter.

The late-night television hosts Jay Leno and David Letterman have been aiming shots at Mr. Gore recently for his claim to have taken the initiative in creating the Internet and his romanticized account of growing up on a farm in Tennessee and feeding the hogs every morning.

"I think my favorite Oscar moment was when the special technical achievement award was given to Al Gore for inventing the Internet," Mr. Leno quipped recently.

Such jokes could become a problem for Mr. Gore's presidential hopes.

Steven Wayne, a political scientist at Georgetown University, said late-night comedies help to create a politician's persona.

"Once a public image forms, it's very difficult to change it. Quayle became seen as dumb, Bob Dole was old and those images were very damaging," he said, referring to Dan Quayle, former vice president, and Mr. Dole, the 1996 Republican presidential nominee.

Mr. Gore's chief of staff, Ron Klain, blamed Republican mean-spiritedness. He noted that Mr. Gore had had a hand in advancing the growth and development of the Internet and that the vice president did spend summers on a farm in Tennessee, although he mainly grew up in Washington, the son of a senator.

The pollster John Zogby said Republicans were trying to do to Mr. Gore what Democrats did to Mr. Quayle, who misspelled potato, but he said he thought the influence of jokes was probably overdone, especially after President Bill Clinton survived years of ridicule from the late-night comics.

"Clinton has created a new conventional wisdom," Mr. Zogby said. "It's no longer necessarily fatal, and it may not even hurt any more." (Reuters)

### You Know Who You Are

WASHINGTON — What is Jim Nicholson so worried about?

Flanked by party leaders from around the country, the chairman of the Republican National Committee staged a news conference Thursday in Williamsburg, Virginia, to reiterate his warning to the party's presidential candidates not to attack each other in the coming campaign, saying he would blow the whistle on any such conduct.

But when it came to identifying potential violations, Mr. Nicholson could not cite an example. Did anyone in 1996 do anything that was not fit for line? "We've looked at those races, and what we're doing with this is looking forward, not backward," he said.

Were Steve Forbes' attacks on Bob Dole in 1996 out of line, as many Republicans have since charged? "We are not directing this against any specific candidate, believe me," he said.

Television ads that pick apart a candidate's record? "That would not be a problem, public record," he said.

Mr. Nicholson said that he merely wanted to keep the party united through the primaries next year and focused on defeating Democrats. (WFP)

## Guidelines Drafted for Study of Human-Embryo Cells

By Rick Weiss  
Washington Post Service

WASHINGTON — Federally funded scientists wishing to conduct experiments on human embryo cells would first have to document that the cells were obtained from women in an ethical manner, according to draft federal guidelines being discussed publicly for the first time.

But the idea that human embryo cells can be obtained or experimented upon ethically was immediately attacked Thursday as oxymoronic by critics of such research, setting the stage for a legal, scientific and political debate that is expected to stretch through the summer and could become part of congressional budget deliberations this fall.

The rules are being drafted at the request of the director of the National Institutes of Health, Harold Varmus, as part of a broader effort to grant federal researchers access to human embryonic "stem cells." The cells, which can be taken from the core of young human embryos created in laboratory dishes, have the potential to grow into blood, muscle, tendon and nerve tissue.

Human embryonic stem cells were discovered last year by privately financed scientists, and many experts believe that useful applications would come more quickly if federally funded researchers could pursue the field as well. For the past four years, however, Congress has banned the use of federal funds for research in which human embryos are "destroyed, discarded or knowingly subjected to risk of injury or death."

Under the ban, federal scientists cannot retrieve stem cells from human embryos because that process destroys the embryo. But attorneys in the Department of Health and Human Services recently concluded that the ban's wording does not preclude federal scientists from conducting studies on already isolated stem

cells — or on the progeny of those cells, growing in lab dishes — as long as someone else retrieved the original cells with private funding.

That interpretation has come under fire from some legal scholars, ethicists and members of Congress, and is under review by the National Bioethics Advisory Commission. But Mr. Varmus, working for now on the presumption that the interpretation of the Health and Human Services Department will prevail, has asked a health institutes advisory committee to come up with guidelines that federally funded stem cell researchers would have to follow. A working group discussed a near-final draft of those guidelines on Thursday at a public meeting.

cells — or on the progeny of those cells, growing in lab dishes — as long as someone else retrieved the original cells with private funding.

Three columns of rebels, their faces covered with their hallmark black ski masks, marched into the cobblestone square in San Andres Larrainzar on Thursday and confronted 150 state police officers in riot gear who were guarding the town hall.

Witnesses said the Zapatistas were empty-handed but they battered several police cars with their fists and shoved the policemen to move them away from the building. No injuries or arrests were reported.

After 10 months of a tense standoff in Chiapas, the Zapatistas moved to re-

assert their claim to the village, which is a central political symbol because it was the site in 1995 and 1996 of peace talks between the rebels and the government that produced the first and only peace agreement for Chiapas.

A Zapatista mayor was nominally presiding in the town hall over what the rebels called an "autonomous township." But since the government cut off all public funds to the rebel mayor, the Zapatista administration had been virtually paralyzed for months.

On Wednesday, 300 state police officers recaptured the town hall, expelling the only Zapatistas, two security guards. The police installed an Indian mayor, Marcos Diaz Nunez, elected by the governing Institutional Revolutionary Party. On Thursday, Mr. Diaz withdrew along with the police and entered a complaint against the rebels.

Most of the protesters left town hall by mid-afternoon, leaving several hundred to guard the mayor's office.

## Zapatistas Go After Town Hall

By Julia Preston  
New York Times Service

MEXICO CITY — The Zapatista rebels, in a bold challenge to the government, sent more than 1,000 unarmed followers to retake the town hall in an Indian village in the state of Chiapas only one day after they were ousted from the building by the state police.

Witnesses said the Zapatistas were empty-handed but they battered several police cars with their fists and shoved the policemen to move them away from the building. No injuries or arrests were reported.

After 10 months of a tense standoff in Chiapas, the Zapatistas moved to re-



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## Away From Politics

• Powerful storms that swept across the Plains and Midwest have destroyed homes and downed power lines in several states and killed at least six people. The Cincinnati area was particularly hard-hit, with entire city blocks wrecked in the upscale suburbs of Blue Ash and Montgomery. (AP)

• American Home Products Corp. has agreed to a settlement of the first lawsuit to go to trial in the United States alleging heart damage by the diet drug combination fenphen. Sandra Moore had sought \$110 million in damages from the drugmaker. The Dallas Morning News, citing unidentified sources, reported that the company will pay \$500,000. (AP)

• Daytona Beach's plan to restrict traffic this weekend during Black College Reunion was ruled unconstitutional by a federal judge in Orlando, Florida. About 100,000 people are expected to turn the main beachside road into a street party. (AP)

• A man suspected of raping more than 50 women has been linked by DNA evidence to 17 attacks, the New York police said. The police said Isaac Jones, 34, was the man they were searching for when four officers shot and killed an unarmed immigrant on Feb. 4, touching off protests. (AP)

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# Spent but Still Standing Outside the Refugee Fences, Weeping and Hoping

By David Finkel  
Washington Post Service

BRAZDE, Macedonia — This time, it's a man crying.

He is standing at the border. Not the one between Macedonia and Kosovo, but the next one for the refugees of Kosovo to cross, the one separating thousands of them from the outside world.

This border is a fence encircling a city of tents that has sprung up over the past several days in an old airfield in the countryside. There are two fences, actually, one chain link, the other barbed wire, and it is the barbed wire one that Hasim Mjajici, 36, is standing outside of. With his right hand he is wiping at his eyes. They look haunted. He is exhausted; he hasn't slept, can't sleep. With his left hand, he is holding his wallet, flipped open to a photograph of one of his children.

The child is a boy, 6 years old, and Mr. Mjajici thinks he is inside the camp.

He shows another picture of another of his children, also a boy, this one 4, also inside the camp.

Another picture, another child, also a boy, this one 1, also inside.

Another picture. His wife. Inside as well.

Somewhere inside.

He thinks. But he doesn't know.

So he has come to the fence to see, and to show the pictures to anyone who will look, and to plead to anyone who will listen, and to hold the wallet out through the fence as far as he can reach, and to oot notice when one of the barbs pushes through a sleeve of the dirty shirt he has been wearing for two weeks straight, and to cry so hard that he closes his eyes and lays his head against the fence, against a barb, which he doesn't notice, either.

It is the next chapter of the exodus. The forced flight from Kosovo is over, at least for the 20,000 people inside the camp that Mr. Mjajici stands outside of. They have survived the filth and degradation of living for days in a field

by the border. They survived an evacuation this week that emptied out the field so rapidly, and in such haphazard fashion, that families were separated in the process of being loaded aboard buses that chugged off toward destinations in Greece, in Turkey, in Albania and to several parts of Macedonia.

Now comes the searching.

"How can I find my children?" Mr.

Mjajici cries through the fence, and it is not just him wondering such things, but others who have come to the fences, the fences not only at this camp, called Brazde, but at the others that have sprung up as well. Stankovac, with 10,000 refugees, according to the count Thursday. Radusa, with 1,000. Neproseno, with 2,300. Bojane, with 2,100.

No refugee inside the camp gets out without proper authorization; no one outside gets in without proper authorization. Mr. Mjajici has no authorization. He has only a wallet, and even that does him no good. Because here comes a Macedonian soldier who tells him to move back from the fence. So he does. He is a beaten man.

He moves back a few steps, looking at a mural of people looking out so much at him as past him, one of whom he recognizes, and after a while he sits under a gnarled tree whose leaves are coated with dust from all the vehicles shuttling up and down the road, and he hurries his head in his hands, and he weeps in the quietest way possible and says he has never been separated from his family before this. "Never."

March 24, he says, was when he last saw them. He is a train engineer, and for weeks the trains he had been driving south from Pristina had included more people heading toward Macedonia, and on March 24, the train he drove had three cars, and there must have been 500 people filling every aisle and every seat, all heading out of Kosovo, and on the spur of the moment, he says, instead of being the driver of the refugee train, he decided to become a refugee himself. He passed the border. At the first stop in

Macedonia, he got off with the others.

Two days later, the NATO bombing of Kosovo began, and now he is a man who spends his days searching for his three children and his wife.

He is sure they are no longer in Kosovo because of a phone call he got from a relative in Germany, who said he had gotten a call from another relative, who said that Mr. Mjajici's family had headed toward Macedonia. Which means they probably went by train, which would mean they were probably stuck in the hellish field at the border, which means they were probably part of the evacuation three nights ago.

Which means they could be here.

Right now. Wondering where he is.

Not knowing that at this very moment he is at the fence, under a half-dead tree with six singing birds in its branches, once again looking at the pictures in his wallet, once again crying.

Of course he is far from alone in this place.

Outside the fence, 50 other people are waiting.

And inside the fence, nearly 100 people are lined up looking out.

Outside the fence, a soldier is shouting, "Back, back," telling people they have to be at least 5 meters (16 feet) away from the fence.

Inside the fence, one of the soldiers is holding onto a muzzled attack dog.

Outside the fence, an old woman in a buttoned-up coat and a shawl over her head reaches through the barbed wire toward a little girl.

Inside the fence, the little girl reaches back.

Outside the fence, a man named Zekir Ademir says he has been waiting here for three days, since his wife got sick at the field near the border and he bribed their way out by giving money to a guard to look the other way while they got into the back of a medical transport van. They got out, but they left his mother and father behind in the field. He is sure they are inside the fence now, somewhere within the impenetrable Brazde, but he cannot get in and they haven't come out and "I'm scared they'll transport them to another country," so here he is. Inside the fence, a man walks by with no shoes and bloody feet.

Outside the fence, Mr. Ademir sees this, takes off his own shoes, takes off his socks, puts his socks inside the shoes and throws them over the fence.

Inside the fence, the man puts them on. "God bless you," he says, walking away.

Outside the fence, Mr. Ademir also walks away. Down the dirt road, not too far, just far enough to breathe some different air. Walks away in bare feet, soon passing a half-dead tree with six birds no longer singing in it and no weeping man sitting beneath it, either.

He is gone. Which means, just like his wife and three children, he could be anywhere.



Nedimje Huseni, who lives in Macedonia, trying to hug her nephew, Rina, 8, in the refugee camp at Brazde.

## Surviving Auschwitz and Belgrade

By Steven Erlanger  
New York Times Service

BELGRADE — Aca Singer, who lost 65 members of his family in the Holocaust, says he did not survive Auschwitz to die from an American bomb.

"When the Americans bombed the death camps at the end of World War II, I was very happy," he said, sitting in the library of the Federation of Jewish Communities of Yugoslavia, which he heads. "Then I thought, 'Kill me if necessary, hot kill the Nazis.' And a lot of Jews died at the end from U.S. bombers, and we were not unhappy to see the bombs."

But today, he said, as NATO bombs and missiles smash civilian and official buildings in central Belgrade, "we do not have this feeling — quite the reverse."

The Americans say that President Slobodan Milosevic "is using disproportionate force to repress the Kosovo Liberation Army, and that is true," he said. "But now the Americans are being disproportionate in their actions, in this criminal use of force, which is indiscriminate."

"And this kind of abuse of power will come back to the United States like a boomerang. They are killing political pluralism here, and thus doing a great favor to this regime." Mr. Singer, now 76, with a full head of white hair, says he had to move from his comfortable apartment on Sarajevo Street, just behind the bombed-out Interior Ministry, because he knew it would be a North Atlantic Treaty Organization target.

"I'm pretty angry because I've been moved to a little room and sleep in a cot with my wife," he said. "But if I didn't get killed in Auschwitz, I don't want to provide this pleasure to anyone else."

Mr. Singer, a retired banker and amateur historian, is one of the leaders of the 3,500 Yugoslav Jews, about 2,000 of whom live in Belgrade.

The figures include those whose mothers are not Jewish, he said, so long as they regard themselves as Jews.

The first known reference to Jews living in Belgrade dates to 1337, he said. In 1941, 82,240 Jews lived in Yugoslavia. Mr. Singer has written, but only 15,000 survived World War II, and many of those emigrated to Israel or assimilated in Communist Yugoslavia.

Now, under the pressure of the bombs, he says, Jews are again leaving Yugoslavia for shelter abroad. With help from Hungarians and Americans, 250 Jews, mostly women with children, have already gone to Hungary on buses, and 80 more are preparing to go.

Most are from Belgrade, Nis and Novi Sad; some, Mr. Singer says with sad understanding, will go to relatives in Israel and elsewhere and never return.

He is reluctant to draw attention to this small flow of Jewish refugees because it might seem somehow disloyal, and he stresses that no Jewish male between 18 and 60 and subject to mobilization would violate the wartime ban on travel abroad for men of those ages.

"Every Serb has a relative in the countryside where his family can stay," Mr. Singer said. "But the Jews here are a city people. We have no such places to send our children. Our families are in

American Jewish politicians who are speaking for the American government."

It may seem ridiculous, he said, but having strong anti-Serbian language coming from Defense Secretary William Cohen; Secretary of State Madeleine Albright; her spokesman, James Rubin, and the national security adviser, Samuel Berger, has had an impact in Belgrade.

Mr. Cohen and Mrs. Albright, although they have Jewish relatives, are not Jewish.

But, Mr. Singer said, "here they see the Jewish name, and they think everything is somehow connected."

What most infuriates the gentle Mr. Singer, he freely admits, is the use of the word "genocide" by all parties — the Serbs, the ethnic Albanians and, he says, the Americans.

"There is a tendency to manipulate with the Jews," he said, to use the unique experience of the Holocaust as propaganda or justification for policy misjudgments.

What was done in Bosnia, Croatia or Kosovo, however horrible, he says, is not genocide.

"I don't at all agree that this is genocide," he said. "There was no effort to exterminate an entire race — men, women and children — merely because of their religious or ethnic identity."

"Both the Serbs and the Albanians pressure us for sympathy and comparison," he said wryly.

"Both sides, it seems, want to be Jews."

"I put myself on neither side," President Bill Clinton and Prime Minister Tony Blair of Britain, by comparing Serbian attacks in Kosovo to the mass murder by the Nazis, "are also manipulating with the Jews," he said with disgust.

He stopped, then said softly: "Sixty-five members of my family were killed in Auschwitz, and I know all their names, first name and surname. The youngest was a baby and the oldest, my grandfather's brother, was 92. Sixty-five people killed because they were Jewish only. That is genocide."

He rubbed back his soft white hair and changed glasses again, looking out the window to say: "I survived by accident, and no one should ask why. I would have been number 66. That is genocide. I give myself the right to think this way."

**'Sixty-five members of my family were killed because they were Jewish only. That is genocide.'**

Israel or elsewhere in the Diaspora."

Asked about the sharp increase in Serbian nationalism and anti-Americanism because of the bombing, Mr. Singer admits that given his past, he is trying to look hard into the future, as a custodian for the tiny Jewish community.

"I really do not sense anti-Semitism in the general population here, as in other countries," he said. Since the war started, there have been a few slogans scrawled on a synagogue wall, but nothing more serious.

Still, he says, he has been accused by some (though not by the government) of being insufficiently pro-Serbia in public statements. And like many here, he is concerned about the rise of the Radical Party leader, the ultranationalist Vojislav Seselj, who is a deputy prime minister of Serbia.

Mr. Seselj has made no anti-Semitic remarks, but he considers the French rightist Jean-Marie Le Pen and the operative Russian Vladimir Zhirinovskiy as his friends, Mr. Singer said. Both have made anti-Semitic remarks.

"We cannot know what will happen," he said, but he pointed to "your

## Blair and Clinton: Brothers in Arms

By Charles Babington  
Washington Post Service

WASHINGTON — One week into the NATO air campaign against Yugoslav targets, President Bill Clinton began a long-scheduled speech to an electronics trade group by explaining how he had spent the last few hours.

"Before I came over here tonight I had a long meeting," Mr. Clinton said, referring to a session with top military and foreign policy advisers. "And I went and had what has now become almost my daily phone call with Prime Minister Tony Blair."

Clinton aides were hardly surprised that the one conversation he cited was with the British leader, a political soul mate with whom the president has grown even closer in the past three weeks. Renowned for being simpatico in their pragmatic-centrist approach to electoral politics and domestic issues, the two now are reinforcing each other's messages on how to conduct the war against President Slobodan Milosevic of Yugoslavia — and how to keep the NATO alliance firmly behind it.

Few argue that NATO solidarity against Serbian aggression in Kosovo would collapse without Mr. Clinton's and Mr. Blair's stereophonic support. But the encouragement and reassurance they lavish on each other, and on their chief NATO counterparts, has made it easier for European leaders to demonstrate a common front against Mr. Milosevic with minimal criticism from political foes, analysts say.

"It has made it very, very solid," said a White House adviser, Sidney Blumenthal, who closely follows political events in Britain, France and Germany. The NATO alliance was less cohesive in dealing with Bosnia in mid-1995, he

noted, when France wanted U.S. helicopters and crews to support French troops fighting Bosnian Serbs under UN leadership. Mr. Clinton resisted, preferring air strikes alone, and Britain, led then by Prime Minister John Major, called for more negotiations between allies and the Serbs.

In championing the Kosovo campaign, Mr. Clinton and Mr. Blair each publicly denounces Mr. Milosevic almost daily and talks by phone with key allies such as President Jacques Chirac of France, Chancellor Gerhard

**The two leaders reinforce each other in the war against Milosevic.**

Schroeder of Germany and Prime Minister Massimo D'Alema of Italy.

The steady commentaries by Mr. Clinton and Mr. Blair perhaps make it easier to maintain NATO solidarity, European analysts say, but other heads of state seem determined to confront Mr. Milosevic in their own right.

"There's every sign that Schroeder is on board," said Peter Riddell, a columnist for The Times of London, and Mr. Chirac, too, has been steadfast in backing the NATO action. "D'Alema is a different matter," he noted, largely because of Italy's proximity to Yugoslavia and Mr. D'Alema's background as a former Communist.

But even the Italians have stayed on the NATO reservation, Mr. Riddell noted. The Clinton-Blair teamwork, he said, helped assemble the allies' resolve against Mr. Milosevic last month, but nightly television accounts of Serb atrocities against Kosovo civilians have been enough to sustain it.

Charles Grant, director of the London-based Center for European Reform,

said Mr. Clinton and Mr. Blair maintain separate lines of communication with NATO leaders although they probably coordinate their message. "I don't think Blair acts as Clinton's intermediary," Mr. Grant said. If anything, he said, Mr. Blair has taken the lead "in convincing the United States" of the wisdom of supporting the so-called St. Malo agreement, a proposed European defense doctrine that would not require a U.S. role.

Some White House aides say Mr. Clinton and Mr. Blair confer frequently not because they have to, but because they enjoy it and take comfort in their friendship in times of crisis. "This is a buddy movie," a senior official said.

Mr. Clinton's 1992 election showed Mr. Blair the path toward the centrist "third way" — which departs from some Democratic-Republican and Labor-Conservative traditions — that vaulted Mr. Blair to victory in early 1997. Mr. Blair has shown loyalty and friendship since, famously standing beside Mr. Clinton during a withering Washington news conference at the height of the Monica Lewinsky scandal.

Mr. Blair acted out of loyalty, but he also "was putting a major deposit in the favor bank," said Jonathan Freedland, columnist for the Guardian newspaper in England. Now, he said, both men benefit from their friendship.

**■ Blair Support at All-Time High**

The conflict in Yugoslavia has made Mr. Blair one of the most popular leaders since World War II, a Gallup poll, reported by Reuters, said Friday. The survey showed 67 percent of voters back him as prime minister, far outstripping the best score of a former Conservative prime minister, Margaret Thatcher, who fought her own war against Argentina over the Falkland Islands.

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Today the UN has become a laughing stock, failing everywhere, and is ignored. So NATO has attempted to control the Yugoslavian situation with violence. But its bombardment has intensified the disaster, and created a new bloody history of the world. World peace is now in the hands of those with the power to destroy.

The danger to the world posed by NATO's bombardment is terrifying. It has set an example to every nation in the world—if you don't like another country, and they won't obey you, then bomb them and destroy them.

NATO has effectively legitimized the principle of foreign policy through violent attack. The result is that now bombardment can happen to any country in the world at any time. This is the reality—your city could be next. Therefore, we can wait even a single moment to establish world peace?

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Can you imagine if bombs began to fall on Washington, D.C., and to destroy the high-rises of the money markets of New York? Will NATO be able to prevent this? When this happens it will be beyond the power even of the wealthy to save the situation.

When our house is in uncontrollable flames, it is too late to dig a well to get the water. Bet-

ter to prevent the house from catching fire in the first place. A new approach to creating peace is urgently needed—one that prevents war. And if such an approach exists it must be tried.

Persuasion does not create peace—the UN has proven that. Violence does not create peace—NATO has proven that. In fact the whole human history has proven that neither of these approaches works.

So our choices are to accept war throughout the world as inevitable, or to do something new that really has been demonstrated to create indomitable world peace.

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The way to do it is to take recourse to Natural Law. It is possible now to create a powerful influence of coherence inside and outside of any country with a group of experts in the technologies of Natural Law (such as Transcendental Meditation and Yogic Flying).

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Now a young German scientist of this generation, Professor Volker Schanbacher, is proposing a new weapon of

Natural Law which is nourishing and peace creating—a technology of peace which every Head-of-State can use to make his country the Country of World Peace, and erase the memory of Hiroshima, and the present disaster of NATO.

The choice now for our generation is whether to go for destruction, or rise above destructive power, and go for the nourishment of all life on earth through the technologies of Natural Law.

**The Wealthy Should Wisely Protect Their Own Wealth and the Life of the Nation**

The wealthy leaders of society would be well advised to ensure that they do not become subject to the influence of destruction that their governments are creating in the world. Otherwise the destroyer will become the destroyed, and the people of the nation, the wealth of the nation, and the life of the nation will be scattered to the winds.

The wealthy would be wise—for their own sake—to take advantage of the existence of proven technologies of peace. They should create an Endowment Fund for Perpetual World Peace to prevent terrorism and eliminate the fear of destruction. They should give 1% of their wealth to this Endowment Fund—thereby protecting the other 99% of their wealth—and simultaneously save the future of their country and the world. This is not only charity—it is self-interest.

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# Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## The Refugees' Plight

After weeks of terrorizing ethnic Albanians and forcing them out of Kosovo, Serbian forces are now apparently yanking them back. They have closed and mined the borders with Macedonia and Albania. On Wednesday night, at least 10,000 refugees waiting to get into Albania simply vanished, forcibly turned around by Serbian troops and pushed back into Kosovo. The same may have happened to about 10,000 refugees on the Macedonian border. No one knows where all these people are and how they are being treated. NATO must find out as soon as it can, and warn Belgrade not to abuse them.

Serbia's new refugee policy may be part of a public relations effort, which included Belgrade's bizarre declaration Thursday that Kosovo is now at peace. But if the ethnic Albanians were being welcomed home, the Serbs would most likely have let reporters in to watch. They have not. It is more likely that the returning refugees will find terror similar to what they fled, and have to join the hundreds of thousands of people who are now in the hills, with no access to food or shelter.

The Serbs might plan to use them as human shields, to deter NATO bombs. Since the Serbs have not closed the border between Kosovo and the Yugoslav republic of Montenegro, they may be trying to force refugees there in hopes of destabilizing Montenegro, whose leadership opposes Belgrade.

The tens of thousands of refugees who did get into Macedonia have also been mistreated in the past few days. About 45,000 people were pushed onto buses bound for Albania. Turkey or other camps in Macedonia. Getting them out of the squalid refugee camps was given no information about their destinations. Scores, possibly hundreds, of families were separated, and many were forced to leave behind the few possessions they had managed to bring from their homes in Kosovo, including family photographs.

Macedonia is right to worry that the influx of ethnic Albanians will worsen ethnic tensions there. But these people have already been through an inferno. Mistreating them in order to discourage further refugees is shameful.

—THE NEW YORK TIMES

## The Deal With Libya

Ideally, Colonel Moammar Gadhafi would himself be tried for blowing up Pan Am Flight 103, with the loss of 270 lives, 10 years ago. The two Libyan intelligence agents now finally about to be tried in the case surely acted under his lead. The Libyan president was engaged in a deadly duel of wills with the United States: American bombs, dropped in response to earlier Libyan attacks, had killed his adopted daughter. Then came Lockerbie. Not only is he now avoiding trial for those murders, but he also is engaged in broad political bargaining that will accomplish some part of his international rehabilitation as well.

Practically, however, the handover for trial of two criminal suspects — even suspects who may remain under the discipline of their president — marks progress in the struggle to establish accountability for acts of international terrorism. The UN secretary-general, Kofi Annan, got it right when he said that Libya's transfer of the two suspects for trial in the Netherlands under Scottish law, with Scottish judges, is "a small victory in the scheme of things." A long decade had gone by.

These days sanctions are widely criticized, but in this case they had been carefully targeted to keep their political edge sharp. They had helped to mobilize world opinion against an accused state terrorist, but they were becoming a wasting asset.

Libya, caught by slumping oil prices, badly needed sanctions lifted. Some speculate as well that Colonel Gadhafi may have been considering alterations in his revolutionary, terrorist strategy. As much was suggested by the Paris trial in absentia last month of six Libyans, including Colonel Gadhafi's brother-in-law, in the 1989 bombing of a French airliner in Africa. The French expect Libya to jail the six and compensate their families.

Meanwhile, the United States and Britain stopped insisting on a trial on their territory, while Colonel Gadhafi agreed to what he called a "neutral" site. The Scottish compromise made possible the deal that was finally announced.

It is satisfying that two suspects are now in the dock. The Libyan leader did not succeed in his effort to ensure that the process would spare him all harmful disclosures. The rigors of Scottish justice ensure that a trial will penetrate at least some part of the dark enveloping this case.

Some among the families of the Americans who died believe that scrutiny of the small fry leaves unaddressed the larger guilt of their chief. But others seem ready to accept the trial as a psychological and legal bottom line. Colonel Gadhafi's reputation as a terrorist is going to remain with the public no matter how the trial comes out.

—THE WASHINGTON POST

## White House and China

Differences between Washington and Beijing over human rights, Kosovo and Chinese admission to the World Trade Organization were already casting a shadow over the visit to America this week by the Chinese prime minister, Zhu Rongji. Then came a new report Thursday that China may have stolen neutron bomb secrets from the United States during President Bill Clinton's first term. Earlier accounts said China had stolen design information about other U.S. nuclear warheads a decade ago.

The problem is not merely the potential damage to U.S. security. As troubling as evidence — described by Jeff Gerth and James Risen in *The New York Times* (HT, April 9) — that top White House officials, especially Samuel Berger, now the national security adviser, reacted lethargically when the first alarms were sounded about the suspected spying.

Mr. Clinton offered a strong defense of his policy of engaging China. But he acknowledged that China's goals sometimes conflict with those of the United States and promised that his administration would vigorously uphold U.S. interests. On Thursday, Mr. Clinton effectively used his joint press conference with Mr. Zhu to offer frank criticisms of China's worsening human rights record. He wisely refrained from agreeing to Chinese membership in the trade group while market access issues remain unresolved.

Unfortunately, the White House's initial handling of the nuclear espionage cases in 1996 seemed to reflect a tolerant attitude toward Chinese mis-

conduct. It remains unclear whether the response was motivated by a desire to avoid friction with China at a time when the White House was trying to mend tattered relations, or whether Mr. Berger and his colleagues failed to recognize the significance of the espionage information when it was first presented to them.

Energy Department investigators first told Mr. Berger in April 1996 of suspicions that China had stolen designs for America's most advanced nuclear weapon in the 1980s from the Los Alamos National Laboratory. They also mentioned intelligence reports that China may have more recently stolen neutron bomb designs. Mr. Berger asserts that this 1996 briefing was cast only in general terms and that he did not learn the true extent of the problems until mid-1997. Others who attended the meeting dispute this.

If they are right, Mr. Berger should have briefed Mr. Clinton and ordered immediate security improvements at the nuclear weapons labs in 1996. Yet Mr. Clinton was not alerted to the seriousness of the problem until July 1997, and lab security has been tightened only in the past few months.

Mr. Clinton has asked the president's Foreign Intelligence Advisory Board to investigate the Chinese nuclear espionage issue, including the response of administration officials. That inquiry, as well as parallel congressional investigations, must closely study and report on the performance of Mr. Berger and other national security officials.

—THE NEW YORK TIMES

# Bleak Growth Prospects for the Developing World

By Joseph Stiglitz

WASHINGTON — A report released this week by the World Bank shows that long-term capital flows to developing countries, chiefly bond and bank loans, plummeted about 19 percent in 1998. This drop, to \$275 billion last year from \$338 billion in 1997, is roughly equal in size to the economies of Ireland, Egypt or Ukraine.

Even this decline understates the real magnitude of the fall. It does not include the shrinkage of so-called "hot money," or volatile short-term capital, nor does it reflect the fact that the most dramatic contraction occurred only after Russia's debt default in August. In the second half of 1998, new bond and loan financing for developing countries dropped to roughly half its average levels in the previous six months of the year.

These shocks to international financial markets have had a huge impact. While forecasting economic prospects for the developing world is always risky, it is especially difficult amid the turmoil of the past 21 months. Still, there is general consensus that growth prospects in developing countries are bleaker than they have been in years.

"Global Development Finance," the World Bank report that tracks the movement of capital flows to developing countries and was released Wednesday, estimates that developing economies grew by an average of just 1.5 percent in 1999, the slowest rate

since the 1982 global recession. This contrasts with growth of 4.8 percent in 1997, before the full impact of the Asian crisis was felt. Many countries — including some in Latin America, former Soviet republics, and Middle Eastern and African oil exporters — face stagnation or even falling output. East Asian economies contracted by an estimated 7.7 percent last year.

While some nations, such as the United States, have benefited from low inflation because of falling commodity prices, many poor countries that depend heavily on commodity exports have been devastated. Others have seen their economic prospects dampened as world trade expanded by only 4.6 percent in 1998, down from more than 9 percent growth in 1997.

The bank's report highlights another disturbing trend: Development aid is stagnating at its lowest level in more than 50 years. At \$33 billion worldwide, aid from wealthy donors has fallen to less than one-quarter of 1 percent of the combined gross national product of industrial countries, a 38 percent decline since the beginning of the decade. Yet improved policies in many low-income countries mean that aid is more effective than ever in reducing poverty. It is a cruel irony that just as the sudden drying up of volatile commercial loans makes aid

more urgent than ever, it is shrinking. One encouraging development is recent statements by leaders of the Group of Seven industrial nations calling for faster debt relief for the world's poorest countries. Another is that even though long-term capital flows fell, foreign direct investment in developing countries was much more stable, declining only slightly last year, to \$155 billion from \$163 billion. Such investment can provide access to markets, technology and expertise.

When the East Asian crisis struck, there was a rush to blame borrowers. Over time, a more balanced perspective has emerged. For every borrower there is a lender, and lenders, too, are accountable for their failure to act prudently — to make sure that the companies and projects taking their credits are well managed and profitable.

As governments, workers and small businesses cope with the costs of the recent turmoil, there is a danger that they will draw the wrong lessons and reject the benefits of joining the global economy. Instead, the key lesson is that risks posed by volatility in capital flows, commodity prices and exchange rates must be carefully managed. Policies designed to respond to these turbulent external conditions need both government and private sector involvement.

Recent studies suggest that where financial institutions are weak, rapid liberalization of controls on money entering and leaving a country often ex-

poses the economy to greater risk. The evidence that capital account liberalization helps to increase economic growth or investment is less than compelling. Of the world's five largest emerging-market economies, the only two with sustained growth in 1998, China and India, have chosen a more selective approach to liberalizing their financial sectors and capital account transactions. These two countries alone account for 40 percent of the developing world's population.

Volatile markets are an inescapable reality. Developing countries need to manage them. They will have to consider policies that help stabilize the economy and help it absorb some of the shocks that volatile markets cause. These could include sound bankruptcy laws and Chilean-style policies that put some limits on capital flows.

We should welcome experiments that aim to protect countries from capital market instability, even those that seem unorthodox. In judging such reforms, as well as the value of previous responses, we should be careful not to confuse means with ends. Stable exchange rates, or particular levels of exchange rates, are not ends in themselves. The objective should be to ensure sustainable, steady and equitable growth.

The writer, chief economist and senior vice president of the World Bank, contributed this comment to the *International Herald Tribune*.

# Misguided America Ignores the Dangerous Dictatorships

By A.M. Rosenthal

NEW YORK — Do Americans understand that while we have been bombing the Serbs, the following took place:

• Libya was exonerated from responsibility in the destruction of Pan Am 103.

• Saddam Hussein's closedown of the UN search for Iraq's nuclear, chemical and biological weapons went into its eighth month. Richard Butler, the chief arms inspector, was barred Wednesday by the Russians from even entering the UN Security Council chamber where his inspection commission was the agenda, marked for death.

• The Chinese prime minister was visiting America getting a great press — plus a step nearer to a trade agreement that will fatten China's economy and armed forces. On the day Zhu Rongji arrived in Washington representing the Communist Politburo, President Bill Clinton criticized not China's expanding arrests of political and religious dissidents, but American critics of China.

Do Americans understand that while we fight one dictatorship, fumbling around trying to heighten the war and somehow end it at the same time, three

other dictatorships more dangerous to U.S. interests are walking away with America's pants?

The Libya deal was possible because the U.S. administration signed off on it. This sweetheart gift to Colonel Moammar Gadhafi ends the effective sanctions imposed on Libya for harboring two Libyans accused of murdering 270 people in the bombing of Pan Am 103 on Dec. 21, 1988.

American intelligence agents are not allowed to ask the suspects now held in the Netherlands if perchance Colonel Gadhafi knew what his boys were up to or if Syria and Iran were involved — as Western intelligence agencies had long believed. During the trial itself, Libya's government is not to be undermined, hear?

For Libya, a no-loser. Even if the men are found guilty, the sanctions will remain ended. Italy, Russia, France and other countries already have lined up fat oil and gas deals with Libya. U.S. companies will follow. The deal is disgusting, an insult to the dead and their families, and to all who fly in U.S. planes.

Do Americans understand that the U.S. delegation to the United Nations did not stand up and holler at the baring of Mr. Butler?

Do they understand that Mr. Clinton denounced U.S. critics of China on the very day that Jeff Gerth and James Risen of *The New York Times* were writing that even more Chinese nuclear espionage took place than the reporters had already disclosed? Another chapter in Chinese espionage was written in 1995, reported to the national security adviser, Samuel Berger, in April 1996, who told the president in July 1997, who ordered tightened security — in February 1998.

Do Americans understand that the administration disgraced itself in the war on Serbia?

Slobodan Milosevic, not America, is responsible for driving cold, hungry, terrified Albanian Kosovars from their homes. But Washington's disgrace is that Mr. Clinton and his top people did not know and did not expect that Mr. Milosevic would use the bombing as an opportunity to expel them by the hundreds of thousands. American leadership still does not seem able to plan more than a couple of days ahead.

So we need no longer worry about America's credibility; it has none. For a democracy, credibility comes not just from smart weapons but smart leaders, from respect for the intelligence of the public, domestic and foreign, from a measure of honesty. In a democracy, pretense in war or peace is transparent, embarrassing and finally self-destructive.

We need not and should not support Kosovo secession. But we helped Mr. Milosevic in his fight with the Kosovars by not foreseeing his mass expulsion plans, and not having our own plans that would treat the Serbian nation as something more than a bombing target.

"When at war, support the troops." To me that means making sure they have the strength they need, the affection, respect — and a doable mission.

What it does not mean is keeping our mouths shut about misconduct of a war by an American government — or about its failure to protect American interests in other crises that may inconveniently present themselves. That is not supporting American armed forces, but walking away from them.

The New York Times

# Is NATO Justified in Its Campaign Against the Civilian Serbs?

By Dennis J. Kucinich

CLEVELAND — The world's democracies have a responsibility to relieve the suffering of the people of Kosovo, to ensure that the refugees can return to an autonomous nation and to help rebuild the province and prosecute war criminals. That is why I voted my support for President Bill Clinton's initiatives and for the use of American soldiers in keeping the peace in the region.

Yet NATO is now engaged in a bombing campaign in which the destruction of the civilian infrastructure of Yugoslavia has become part of the strategy to end the war on Kosovo. We say our quarrel is with President

Slobodan Milosevic and his army, yet instead of doing all that we can to directly confront that military we are bringing down terror on the Serbian people.

What has this bombing accomplished? It has not stopped the ethnic cleansing or the grim procession of hundreds of thousands of refugees.

So I must challenge NATO's justification for its military campaign against civilians — before we destroy all the bridges in Belgrade and Novi Sad; before we obliterate the power plants, water systems, roads and telecommunications centers

that serve civilian populations; before we begin hearing the phrase "collateral damage" routinely. Otherwise, NATO's actions will destabilize the region for decades to come.

As a start, NATO should honor a cease-fire this weekend of Orthodox Christian Easter — not because of Mr. Milosevic's feigned concern for the faith of his people, but to show genuine respect for the civilian population's religion.

The bombings in Belgrade and Novi Sad punish people who have already suffered under Mr. Milosevic's authoritarian regime. NATO's actions will only help Mr. Milosevic convert more of the Serbian people to his mix of militant nationalism and religious fervor — even those who do not believe in his policies will defend their flag and their faith.

One does not need to be steeped in the mythology of the Battle of Kosovo of 1389 to know that the Serbian people will never accept a peace with the ethnic Albanians as long as we are dropping bombs on their heads.

The United States now has to decide whether it will continue to destroy a civilian population misled by Mr. Milosevic. Fifty

million people died in World War II. 60 percent of them civilians. More than 1.5 million killed in Korea and more than one million in Vietnam were civilians. Civilians always pay the heaviest price, and in this case it is not just the Serbs who are suffering. The bombing this week has added to the devastation of Pristina, the capital city of the people we are trying to help.

We Americans will pay a price, too. If we continue to support NATO bombing, we will have muddied our ethics and tarnished our reputation for defending those who live under dictatorships.

We need to rethink not only the manner in which we wage war, but also the manner in which we manage conflict and keep the peace. We must demonstrate that we know the difference between a legal and just humanitarian intervention on behalf of a civilian population and an illegal and unjust military intervention against civilians.

Otherwise, we will have bombed the village in order to save it, and created a war in the name of ending one.

The writer, a Democratic representative from Ohio, contributed this comment to *The New York Times*.

Los Angeles Times

# In Asia, Mixed Feelings About the Kosovo Crisis

By Tom Plate

LOS ANGELES — Even in the best of times, Asia is divided by ethnic and class differences and political allegiances. But the American-led intervention in the Balkans is starting to make it the worst of times for the region's cohesion.

Disturbingly, China sides with President Slobodan Milosevic of Yugoslavia. This will not do wonders for China's image in the United States, or for Prime Minister Zhu Rongji's visit this week. Mr. Zhu has demanded an immediate halt to the NATO action.

But he is not the only one in the region voicing a strong opinion. Half the region worries that the United States, if it fails its mission, will become a disabled superpower — an uncertain trumpet of geopolitical stability. The other half chafes that it will succeed and emerge an ever more potent power and hegemonic enforcer.

For Asians, there is an additional worry. They know that they face Kosovo-like implications of their own. Muslims on China's western edge agitate for secession; Indonesia, a shaky archipelago of thousands of islands and many anxious ethnicities, totters toward disintegration.

President Bill Clinton's stance has attracted Asian support that might surprise many Americans. Singapore, next door to Indonesia, is shouting loudly for a firm U.S. showing in Yugoslavia. This island city-state manages to maintain excellent relations with China,

but it is not anti-American. It appreciates well the stakes in Kosovo.

Felix Soh, foreign editor of *The Straits Times*, Singapore's leading newspaper, said the Balkans may be far from Asia, but Kosovo "brings into sharp focus the horrors that could engulf Asia if ethnic and religious strife unleashed by the breakdown of the region's economic, social and political order is not contained."

He added: "Considering what a melting pot of ethnicity Indonesia is, we cannot be complacent about the situation there. The most unequivocal of signals must be sent to the Serbs and other brutal regimes that the international community would not sit by idly ... as acts against humanity are being committed."

War creates strange alliances. Neighboring Malaysia, so often testily at odds with Singapore, and with the United States, is rooting for U.S. victory. In Kosovo ethnic cleansing, Malaysians see a Muslim survival issue. "Muslims cannot and must not allow another repeat of Bosnia," wrote Idris Salim in the *New Straits Times*.

Only New Zealand and Australia are equally unequivocal. "History has told us," said Prime Minister John Howard of Australia, "that if you sit by and do nothing, you pay a much greater price later on." That sounds comfortably like

the voice of a genuine U.S. ally. Japan tries not to sound an uncertain trumpet, but flat-out national support for the United States is beyond its cultural ken.

Tokyo is caught between the twin tugs of postwar pacifism and its need for U.S. alliance. While officially supporting the Clinton administration — Prime Minister Keizo Obuchi forthrightly termed the NATO strikes "an unavoidable step to prevent a humanitarian atrocity" — major Japanese commentators, reflecting unexpressed doubts in the government, question not only the intervention's legality under international law but also its ultimate effectiveness.

Much of the rest of Asia was even less sympathetic. For instance, many in India, perhaps still smarting from Washington's condemnation of the country's nuclear tests, were almost China-like in opposition. "The U.S. and its docile instrumentality, NATO, can today wage wars of intervention against any other nation which has no long-range missile and nuclear capability," wrote the *Times of India*.

Tellingly, North Korea, a Chinese ally, was particularly unkind by Balkan developments. The bombings ordered by Mr. Clinton compelled Pyongyang to whisper to Russian officials that it was dealing with a "new Hitler" determined to conquer the entire world, according to intelligence sources. North Korea may try to use Kosovo to accelerate

its missile and military programs; it also clearly wants the myth of American invincibility to be destroyed.

The rooting interest of the North Korean government is itself reason enough to pray fervently that America does not falter in the Balkans. Every American — and most Asians — should wish the United States success.

Los Angeles Times

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

### 1899: A Cab Wedding

PARIS — The inhabitants of the rue Drouot were surprised to see a procession of four automobiles arrive at the Mairie. In the first was a blushing bride, all in white, with her mother and bridesmaid. In the second was the bridegroom, with three friends, while ten more were contained in the two remaining automobiles. After the civil ceremony the party again entered the vehicles and rolled off the church. Two hours later the noce was seen spinning through the avenues of the Bois. This time, however, the husband and wife were seated side by side in the leading vehicle.

### 1924: Ignoring Lenin

WASHINGTON — Washington authorities have refused the request of Mr. Bentley Muford, of Ashford Park, N.J., to plant a tree in the Capitol grounds here

as a memorial to Lenin. They replied that the United States has never recognized Russia and has, consequently, taken no official cognizance of the career of the dead leader of the Russian revolution.

### 1949: Tito Accuses

BELGRADE — Marshal Tito accused the Cominform of trying to start a civil war in Yugoslavia in an attempt to overthrow his regime and strip Yugoslavia of its sovereignty. He served notice that he would fight the Cominform aims: "which have nothing in common with Marxist and Leninist conceptions of the equality of rights and the sovereignty of small nations." He said that Yugoslavia would not turn to "womongering reactionaries who imagine they can count on us in their war plans owing to the difficult situation in which our country finds itself."

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## Belgrade's Firm Stance / No Gestures, No Yielding

## Cypriot's Bid To Free 3 U.S. Soldiers Fails

Disappointed Envoy Criticizes Allied Strategy

By Steven Erlanger  
New York Times Service

BELGRADE — President Slobodan Milosevic of Yugoslavia chose Friday not to make a goodwill gesture toward the West by releasing three captured U.S. soldiers, instead deciding to use a visiting Cypriot politician to make another kind of propaganda point, about the civilian damage caused by NATO's bombing.

The Speaker of the Cypriot Parliament, Spyros Kyprianou, clearly disappointed, said Friday evening that his mission to free the three Americans had failed. He effectively blamed NATO itself for the failure, saying that not only had the alliance refused to make a brief bombing halt, but it had also intensified its attacks.

"It is well known and it has always been the position of President Milosevic that bombing should stop," Mr. Kyprianou said. "From the moment I announced my initiative to undertake this purely humanitarian mission for the release of the three Americans, the bombings were intensified."

He said NATO should have shown "at least some respect" for his mission, and added: "Under the circumstances created and the fact that the message received by

the Yugoslav leadership and people is that the relentless bombardments will continue," he said, they "can't proceed with a new peace gesture."

Mr. Kyprianou spoke to journalists after meeting Mr. Milosevic.

Earlier in the day, he was taken on a tour of Aleksinac, the southern Serb town hit hard by NATO bombs that missed their target, killing 12 civilians and wounding 40 others. He was also taken to Cuprije, hit Thursday.

NATO and American officials said they would welcome any unconditional release of the soldiers, but had been explicit in refusing a Yugoslav request for even a 24-hour cease-fire in the bombing campaign.

Mr. Kyprianou said that in his view the bombing should stop, that "Europe needs peace" and that even if the bombing continued "100 days, it would not solve the problem" of the southern Serb province of Kosovo.

The three U.S. Army soldiers are Staff Sergeant Andrew Ramirez, 24, of Los Angeles; Staff Sergeant Christopher Stone, 25, of Smiths Creek, Michigan; and Specialist Steven Gonzales, 24, of Huntsville, Texas. They were captured along the Kosovo-Macedonia border March 31. American officials have accused the Serbs of abducting the three, but the Serbs say the men were captured after entering Kosovo.

After raising the hopes of the Americans for a goodwill gesture on the Orthodox Easter weekend, Mr. Milosevic will now have earned himself even more opprobrium in Washington for toying with the hopes of the families of the three servicemen.

The White House said Mr. Milosevic would be held responsible for their safety.

"We've said all along that there was no basis for taking them and no basis for holding them. We will hold President Milosevic personally responsible for their safety," White House spokesman Joe Lockhart said.

Mr. Kyprianou's comments, which did not touch on the plight of the ethnic Albanians of Kosovo, were sure to please Mr. Milosevic.

After his tour of the bomb damage, Mr. Kyprianou said the Balkan crisis could not be solved by force. "I am not a military expert, but this is my own view after having heard things from people, and after my visit to the bombed cities earlier today, where I have seen things that shocked me," he said.

"Europe and the world must understand that this particular region needs peace, based on justice and morality, peace based on freedom, respect of borders."

Yugoslav officials sent mixed signals about the men Thursday, with the liberal Information Minister, Milan Komnenic, promising "good news."

But the hardline nationalist Vojislav Seselj, the Serbian Deputy Prime Minister, said freedom for the soldiers is "out of the question," because "the United States is leading an undeclared war against Yugoslavia." He said they should be tried as terrorists.

It now looks as if they will be held until the end of hostilities, Greek officials said Friday. Mr. Kyprianou said he would stop his efforts for now, because "it is impossible to achieve any results in the present climate."

There was more anger Friday over NATO's bombing early this morning of the Zastava car and munitions factory in Kragujevac, in central Serbia. The workers of the factory had announced that they would form a "human shield" to protect the factory in shifts and remain in the building even during the night.

They rejected a plea from factory managers to leave, and about 124 of them were wounded, some 20 of them seriously, by the NATO attack, Yugoslav state media said.

About 38,000 workers depend on the Zastava plant, by far the biggest in the town. Its munitions subsidiary was not secret, as is the case with other factories NATO hit, such as the Sloboda factory in Casak, which Yugoslav officials insist made only domestic appliances, but which other Serbian and NATO sources said also made ammunition.

Serbs continue to form human shields at night on major bridges in Novi Sad, where only one bridge still spans the Danube, and in Belgrade. While they wait out the night, they listen to rock and folk songs.

## NATO: Clinton Assails Milosevic Plan as 'Illusion' of Compliance

Continued from Page 1

that planes had hit Serbian "fielded forces" in Kosovo despite worsening weather.

"We're up against a wily enemy," he said. "He's beginning to dig in. There are terrain, forest, deserted villages for him" to use.

"It is quite difficult to stop him."

A disagreement seemed to emerge Friday in NATO over whether it was using information from rebels of the Kosovo Liberation Army to direct air strikes.

The French defense minister, Alain Richard, appeared to confirm reports from French reporters inside Kosovo that the separatists were passing on information to the allies so that bombing strikes could be carried out with more precision.

Mr. Richard's statement appeared to contradict an earlier one by the NATO secretary-general, Javier Solana Madariaga, who denied that there had been any contacts in the field between the alliance and the rebels.

At a news conference, Mr. Richard said: "Information is communicated to some partners in the alliance." France, though a member of NATO, is not part of



Smoke rising Friday from the makeshift camp at Blace, Macedonia, as the authorities began to dismantle it.

## REFUGEES: Allies Search for Thousands Missing Near Border

Continued from Page 1

missions, officials said, but thus far requests for better intelligence on the missing refugees had not produced any.

Neither civilian nor military officials offered much explanation for the failure.

Commodore Wilby said Thursday, "We are certainly trying to identify all movement of people, and we are obviously very concerned about where those people are being moved to."

And Mr. Shea said Friday, "We believe there may be 150,000 to 200,000 people in Kosovo living without shelter, in the woods, in ruined villages and so on."

But the allies, like international relief officials, have been reduced mainly to guessing what happened after President Slobodan Milosevic of Yugoslavia closed the borders Tuesday night, declared a unilateral cease-fire Wednesday and said refugees were free to return

home. NATO has rejected all these claims as a duplicitous sham.

The NATO secretary-general, Javier Solana Madariaga, said Friday that the Serbian forces inside Kosovo might have forced refugees back to make them "human shields" around the military targets of the allied bombing campaign, which continued Friday despite unfavorable weather conditions in the Balkans.

Particular concern has been expressed about the fate of thousands of people who were lined up behind the border crossing on the road from Prizren to the Albanian border town of Kukles.

"We have received reports from the few people who have come through that all along the road behind the border the cars and wagons and tractors are just abandoned, with luggage and food left behind and nobody visible on the road," Judith Kumin, a spokeswoman for the UN High Commissioner for Refugees in Geneva, said in a telephone interview.

"I am very much concerned for the

fate of civilians remaining in Kosovo," the high commissioner, Sadako Ogata, said Friday in Skopje, the capital of Macedonia. Asked what her organization could do for them, she said, "I am helpless there."

Almost all international organizations left Kosovo before March 24, when NATO began bombing to try to force Mr. Milosevic to accept a peace settlement restoring autonomy to the ethnic Albanian population of the province and providing for an international peace-keeping force.

General Naumann said in an interview with German radio Friday that it would be "very, very difficult" for the West to impose peace in Kosovo without sending in ground troops.

He said he could not speculate about whether allied governments would ultimately think twice about their refusal to consider fighting their way into Kosovo to escort half a million refugees driven out by Serbian forces back to their homes. "Ultimately a conflict is always decided on the ground, of course," he said. "Without a presence on the ground, it's very, very difficult to achieve that."

There are also no allied reconnaissance patrols from either Albania or Macedonia that might be able to fill in gaps in the allies' intelligence about the refugees.

Macedonia has allowed 12,000 allied soldiers, including British, French and U.S. troops, onto its territory, but the defense minister, Nikola Kljusev, said on a visit to the alliance's headquarters Friday that his country still insisted that none of those troops could be used for offensive action against Yugoslavia.

"If there is agreement with the Yugoslav government for the entry of NATO forces into Yugoslavia, then they will be allowed to enter Yugoslavia," he said. "Unless this happens, the passage of NATO forces into Yugoslavia cannot be accepted."

The 12,000 soldiers were originally sent to Macedonia as the vanguard of the 28,000-strong peacekeeping force planned for Kosovo as part of a negotiated settlement, but Mr. Milosevic refused even to discuss peacekeepers. Now the troops have been put to work helping Macedonia deal with more than 150,000 ethnic Albanian refugees.

## U.S. Suspends Plan for Cuba Base

By Elizabeth Becker  
New York Times Service

WASHINGTON — Bowing to pressure from refugee groups and aid organizations, the Clinton administration has suspended plans to fly Kosovar refugees from Macedonia to the U.S. naval base at Guantanamo Bay, Cuba. Instead the United States will build barracks for them in Albania, according to administration officials.

"We don't have a first flight planned," a top official said, while emphasizing that the United States would retain the option of flying out up to 20,000 refugees.

Brian Atwood, the U.S. coordinator for the relief effort, had said Thursday that the administration was reconsidering its Guantanamo plan because living conditions in the camps in Albania and Macedonia were beginning to improve.

"We want to keep people in the region," he said. "We want to prepare the people to return to their homes. It will be a lot easier to undertake that if they are in the region."

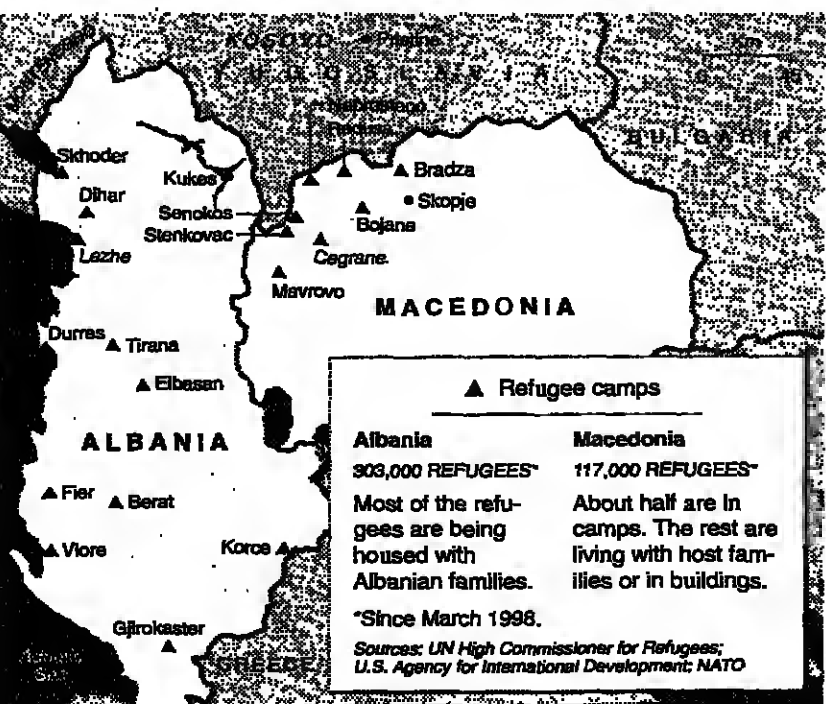
Macedonia asked NATO last week to

assume responsibility for more than 100,000 ethnic Albanian refugees from Yugoslavia, saying that the newcomers would destroy Macedonia's delicate ethnic balance. NATO offered to airlift them out; most NATO nations then offered to accept certain numbers for temporary or permanent asylum.

Albania volunteered to take in more refugees as long as Western countries agreed to house and provide supplies for them. According to the United Nations High Commissioner for Refugees, Albania already has more than 300,000 refugees, Macedonia more than 100,000 and Montenegro more than 50,000.

By volunteering to take in thousands of additional people, Albania, one of the poorest nations in Europe, would benefit from public works for roads and sanitation as well as housing.

An administration official estimated that the United States had been prepared to spend \$180 million to house 20,000 refugees in Guantanamo for at least six months. "That money would go a long way to rebuilding Albania," the official said, "and at the same time give the refugees the homes they want."



## TARGET: Black Humor of Defiant Serbs

Continued from Page 1

ness and a willingness to go to any lengths to exact revenge on someone who has wronged you.

Examples of inat are legion, from the waiter who spits in the soup of a patron who has been rude, to the people of Belgrade who took to the streets every day for three months in the winter of 1996-1997 to protest the Milosevic government's refusal to recognize an opposition victory in local elections.

"Inat is a natural state of mind for a weak person dealing with a stronger person," explained Vojta Zenetic, a Belgrade commentator and advertising executive who has been leading the target campaign.

"When Milosevic thought he could do whatever he wanted with us, I was against him," he added. "Now I am against NATO because they are strong and we are weak." He traces the concept of inat to the desire of Serbs to get back at the Turks during their 500-year subjugation by the Ottoman Empire.

Other expressions of defiance of the United States and its NATO partners range from the creative to the obscene. Visitors to Belgrade are greeted by a huge billboard over the Sava River that is angled slightly upward, in the presumed direction of U.S. planes. It displays an obscenity in English.

American-run restaurants have been given such names as the Baghdad Café, and the Canadian Embassy has been renamed "the Embassy of Quebec," a suggestion of solidarity with separatists in that province.

The U.S. Information Center, situated on a central pedestrian street, has been trashed and ransacked, along with the cultural centers of Britain and France.

Lewd drawings of President Bill Clinton have appeared all over town, and Monica Lewinsky jokes are legion. NATO is routinely referred to as the "New American Terrorist Organization." The once flourishing industry of Milosevic jokes, meanwhile, appears to be grinding to a halt.

"I don't think Americans would make jokes about Clinton if they were attacked by Russia," said Mr. Zenetic, who answers his cell phone. "Hello, Clinton speaking."

Asked to tell the most current Milosevic joke, he comes up with an old chestnut. Clinton, Yeltsin and Milosevic are in a plane that is about to crash. Fate decrees that only one can survive, and he

## NATO Strikes Have Battered Yugoslavia, but Not Milosevic

By Steven Erlanger  
New York Times Service

BELGRADE — From all available indications, the bombing has done substantial damage to Yugoslavia's infrastructure and its military.

But it is having no evident effect on President Slobodan Milosevic's refusal to capitulate to earlier alliance demands that he allow 30,000 NATO peacekeepers into Kosovo, and popular support for Serbia's stand against NATO still seems strong.

For instance, residents of the Serbian city of Novi Sad gathered again Thursday night on their one remaining bridge across the Danube River, thus putting their lives at risk if NATO was to bomb it. Two other bridges in Novi Sad have been demolished by allied bombs.

Residents of Belgrade became similarly gathered on their bridges.

Western diplomats said they expected Mr. Milosevic to try to stop the bombing once he had largely completed his military offensive against the insurgent Kosovo Liberation Army, which Belgrade terms "terrorists and separatists."

Mr. Milosevic, some Western diplomats maintain, is counting on the desire in the alliance to end this war before NATO's 50th anniversary celebration in Washington on April 24 and before public pressure to put ground troops into Kosovo becomes too strong.

It will not be difficult for Mr. Milosevic, with his tightly controlled media, to declare some form of victory, even in partial defeat. But that task may be harder for NATO, which must be seen to "win" its first war against a sovereign nation to maintain its credibility.

So even Mr. Milosevic is unlikely to expect NATO to accept his proclamation that peace has come to Kosovo, even if it is the peace of a channel house.

After announcing the Yugoslav government's statement on Kosovo, state television also responded to NATO announcements Thursday that television offices and transmitters might be targeted unless Western news programming were also shown for six hours a day.

To a long and bitter commentary, the foreign editor of Belgrade Television, Tatjana Lenart, said, "We know we are your next target."

Ms. Lenart scoffed at the NATO demand for six hours of air time. "We will give them six hours if they will give us at least six minutes in exchange on their channels," she said.

"We know a lot, and we don't hide anything, which is why you want to shut us up," she continued. "We only have the word, we only have the truth, and truth is what you find so painful."

She concluded by saying: "We are here at Takovska 10, and there are several thousands of us here. We are here night and day, and we know you prefer to kill at night."

In fact, employees say, at night the television center has been largely empty for fear of bombing, and technicians have been working in wartime bunkers.

will be chosen by democratic ballot. The final vote count goes like this: 1 vote for Clinton, 1 vote for Yeltsin, 1 million votes for Milosevic.

Political jokes apart, the crisis has spawned much black humor, as Serbs attempt to make the best of their situation. An entire subculture of humor has been spawned in the underground air-raid shelters frequented mainly by people who live close to military sites that could be targeted by NATO bombs.

Question: "What is the difference between a black beetle and a red beetle?" Answer: "Just the taste."

Many of the jokes consist of puns that are difficult to translate into English. For example, the Serbian expression for "good morning" is "dobro dan," but people now say "bomber dan."

Some jokes are directed at NATO planners. After it was reported that the only town of any size in Serbia that had not yet been targeted by NATO bombs was a place called Zrenjanin, a billboard went up there with the slogan: "NATO, why don't you hit us? We are not contagious."

Mingled with the humor is a suspicion of outsiders and a conviction that NATO saboteurs are directing incoming attacks.

Rumors have spread that subversive elements are planting electronic "locators" in military buildings, which are then blown up by NATO bombs.

A Washington Post reporter was briefly detained by military police Thursday morning for "loitering" near the Defense Ministry while waiting for his driver to return from an errand. A military building nearby had been bombed by NATO planes overnight, and the soldiers were nervous.

The target sign is said to be the brainchild of Serbian activists in Boston who appropriated the emblem of the American retail company, adapting it slightly to their needs. It then crossed the Atlantic via the Internet.

In Yugoslavia, the image has been popularized by a group of advertising executives and intellectuals previously critical of the Milosevic regime who are now directing their creative energies to making fun of NATO.

In addition to distributing target leaflets and T-shirts, the group has opened a Web site ([www.yutarget.com](http://www.yutarget.com)), where copies of the sign can be downloaded, along with audio clips of air raid sirens sounding over Belgrade.



President Yeltsin repeating his warning on ground troops Friday.

## YELTSIN: Russian Warnings

Continued from Page 1

where it has been assigned to monitor NATO's activities off the coast of Yugoslavia.

According to the Foreign Ministry in Ankara, Russia has notified Turkey that as many as eight more ships might pass through the Bosphorus, with sailing dates staggered between Monday and Friday. But, so far, no decision to send any of those eight additional vessels has been publicly announced.

The war in Yugoslavia has added new tensions to Russia's already overheated domestic political struggle, where Mr. Yeltsin's Communist opposition has been pressing to go ahead with an impeachment vote against the president, scheduled to come up for debate on April 15.

The political atmosphere has been further sullied by a clash over the future of the Russian chief prosecutor, Yuri Skuratov, whose dismissal by Mr. Yeltsin, for a second time, has opened up a Pandora's box of charges and countercharges of corruption and misconduct that have threatened to taint members of the president's own inner circle.

In a week marked by alarmist reports that the Kremlin is setting the stage for a dramatic showdown with the Parliament, Mr. Yeltsin said publicly Friday that he had no plans either to dismiss Prime Minister Yevgeni Primakov or to ban the Communist Party. Nor, he told a meeting of regional governors, would he support any plans — such as one proposed not long ago by Mr. Primakov — to do away with the direct elections of Russia's regional leaders.

But Mr. Yeltsin gave only lukewarm support to Mr. Primakov and dropped strong hints that some kind of cabinet shuffle might be in the works. "At this stage, Yevgeni Primakov is useful to us," he told the meeting of governors. "Later we will see. On the other hand, the cabinet does need reinforcement."

Several prominent members of the Communist Party are ministers in the Primakov government and in a recent interview, Mr. Primakov confirmed reports that he had given his Communist allies a pledge that he would resign before agreeing to dismiss any of their key ministers.

Former Prime Minister Viktor Chernomyrdin, who met this week with Mr. Yeltsin, said in an interview published Friday that he would support changes in the cabinet. "I wonder why reaction to all this has become so painful," he said. "I changed three cabinets, and no one reacted so painfully to that."

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## ART

## Sacred and Profaned: Symbols of Tibet

By Soren Melikian  
International Herald Tribune

**N**EW YORK — One of the great cultures of Buddhist Asia is threatened with slow destruction and precious little is being done about it. Just as the world begins to fathom the complexities of the Tibetan past, its heirlooms — or what is left of them after the massive Chinese looting of the 1970s — are being scattered to the winds.

To Western auctioneers and dealers, these are simply goods, marketed with platitudes about Tibetan spirituality.

The process could be observed in full swing at auction in the last week of March and in the selling shows organized by dealers that went on into April. That such objects are the waifs and strays of a cultural catastrophe exceeding even that of Cambodia did not appear to weigh unduly on the minds of either sellers or buyers.

Consider Sotheby's auction of "Indian and Southeast Asian Art" on March 25: "A Tibetan gilt bronze torii gate" in Sanskrit 14th century" is how lot 14 was entered. Indeed, a gate-shaped piece could be seen, with

dragon-like creatures flanking the halo at the top that signified, not too long ago, the light radiating from the head of the Buddha. The standing Buddha, however, is no more. The jagged edge at the bottom of a drape that goes down under the halo tells a tale of destruction — someone wielding tongs crudely wrenched it off from its setting. The 31.7-centimeter (12.5-inch) fragment made \$9,200.

A "gilt copper repousse mandala fragment" told a similar story. Surreal to the Western eye with its seething pattern and the monsters whose horns link up to form an arch, the 14th-century piece was neatly presented on a steel pedestal. That went for \$14,950.

There followed a group of pathetic remains. The Tibetan book is one of the most original and beautiful forms of Buddhist art. The long horizontal paper leaves of 13th- and 14th-century manuscripts would be held together between magnificent binding boards, carved on the outside and painted on the inside. Few manuscripts arriving in the West are intact. The monumental boards are sold piecemeal, the text just vanishes.

In Sotheby's auction, only one set of

boards was kept together. On one, superb scrolling motifs are carved and gilt around the tiny figures of three seated Buddhas. On the other, Buddhist figures appear in the midst of smaller scrolling motifs and formalized foliage. On the inside, the first board is painted in black on red with a striking geometrical repeat pattern around a long black ground panel enclosing seven lines of calligraphy, alternately red and gold. These were breezily dismissed as "invocational verses for good fortune written in the style of poetic invocations." Some major work associating metaphysics and poetry may have been lost here. The remains brought \$20,450.

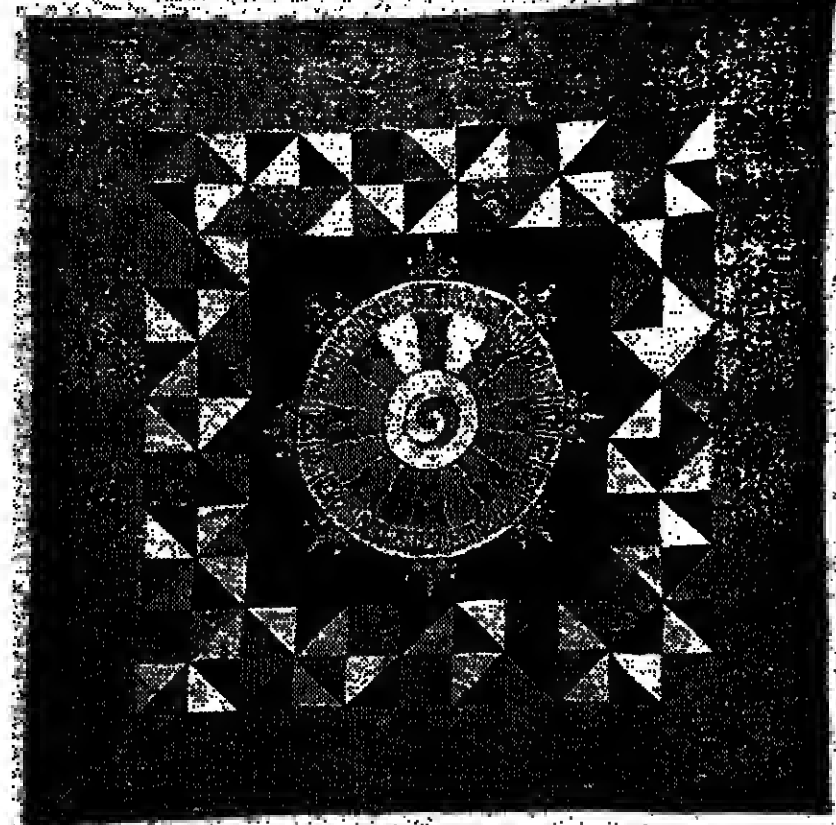
A series of single boards of the 14th or 15th century that came after gave some idea of the astounding richness and diversity of this art form. One wonderful panel with abstract scrolls springing out of a vase with three minute Buddha figures lodged above the vase and two equally tiny stupas (symbolical mausoleums erected over relics of the Buddha) cost \$11,500.

Auctioneers then switched to a host of bronze figures of the Buddha in his Biddens perhaps felt that this guaranteed it from the opprobrium that might affect one day the possession of the plundered goods of Tibet. Yamantaka accordingly triumphed, to the tune of \$745,000.

Somehow, the selling show put together by Anna Maria Rossi of London and her son Fabio in Sotheby's art gallery at 41 East 57th St. as a joint venture with the auction house had a more poignant touch. Was it the single focus on Tibet with its unfortunate title, "Sacred Symbols: The Ritual Art of Tibet" that so underscored the fact that the sacred had been desecrated?

Several symbols were made ritually meaningless by being bereft of some essential component. The two objects that opened the show made up a scathing parable. The two gilt copper deer, male and female, once stood on either side of the Wheel of the Law, symbolizing the week's adherence of Creation to the Buddha's teaching. But there is no Wheel of the Law. The two animals pay tribute to nothingness.

There, the loss occurred long ago. Fabio Rossi says the deer came from a European family that must have held them since the 1920s, judging from the



Cloth combining embroidery and patchwork with the Wheel of the Law.

stands they had. This may have legitimized their acquisition in the eyes of the director of the Nice "Asian Arts Museum" who flew in to see them before the opening and concluded the \$250,000 deal within days.

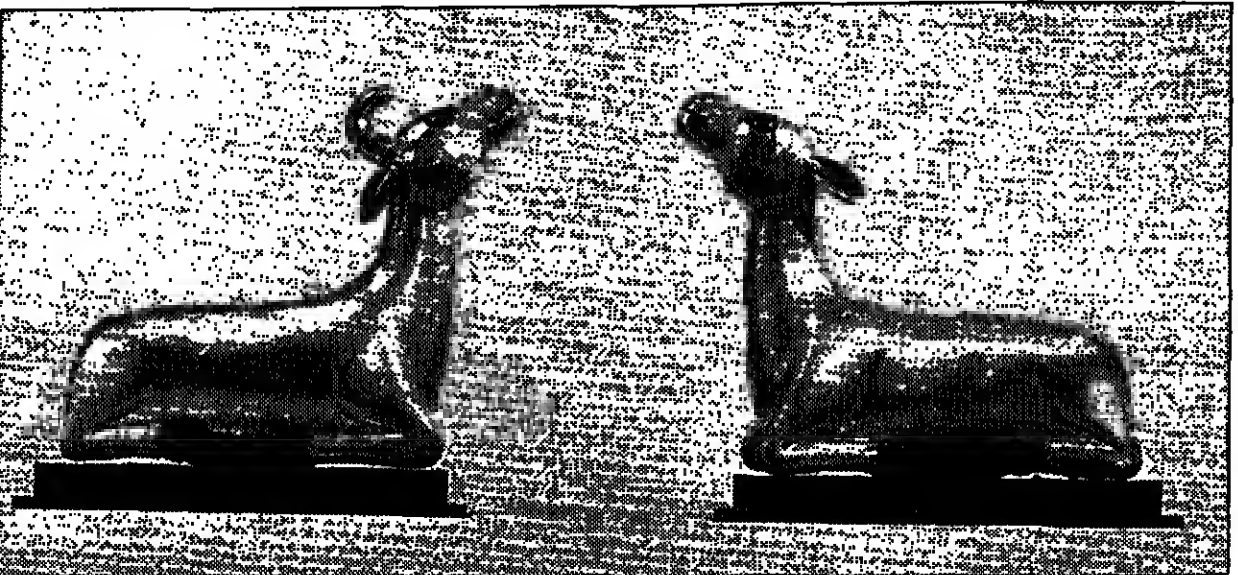
More often, alas, the relics gave the impression of having only just left the shrine. No wonder several were unique, superbly preserved thanks to the care of the faithful. An extraordinary piece provided evidence of the early interest of the Tibetans in their past. A long motley green jade blade of a type known from recent excavations in the Yarlung valley to date from about the second century B.C. had been mounted in the 15th century on a beautiful gilt copper stand. It went to a Northern Californian collector.

A throne silk cloth combining embroidery and patchwork with the Wheel of the Law enclosed in a black square in the center is the only complete example of this type known so far. This will adorn the residence of a New York collector of contemporary art who must have found the \$45,000 price tag low by his standards.

Other works spoke of more than just the shunting off of ritual objects from their destination.

Two gilt copper repousse finials in the form of snarling dragons, their tails running away into wild scrolls of extraordinary virtuosity were candidly characterized in the catalogue as elements "from a large throned back that would have framed a massive sculpture of a deity." The fragments, still admirable, make one marvel about the vanished masterpiece of 13th-century Tibetan sculpture. A New Yorker carried away the \$55,000 trophy.

A group of fascinating ritual implements of the 14th and 15th century made of iron, inlaid or overlaid with silver and gold, revealed a quasi-unknown aspect of Tibetan art. Removed from the context where documents might have yielded precise datings, they are mute witnesses to a splendor that has been savaged and a religious life that has been made a mockery of, its spoils sold off in distant lands like baubles to children unaware of what they play with. The sale continues in London.



Two Tibetan gilt copper deer, male and female, which once stood on either side of a Wheel of the Law.

## Art and Courage in a Maelstrom of Adversity

By Michael Kimmelman  
New York Times Service

**N**EW YORK — Frank Hurley was 28 in 1914 when he shipped out as a photographer on Sir Ernest Shackleton's expedition to cross Antarctica. Hurley had been to Antarctica already. Three years earlier he had gone with his compatriot Douglas Mawson, the Australian explorer, and the film he made about Mawson's trip was one of the things that got Shackleton interested in having his own trip filmed and photographed.

Shackleton figured that selling rights to Hurley's pictures of the expedition would cover part of his cost. Hurley was an egotist, a roughneck

who had come up in the world through hard work, and he was not easy to get along with. But he was talented and fearless.

So Shackleton set off with a crew of 27, including Hurley, on Aug. 8, 1914, a week after World War I began, in a 300-ton Norwegian barkentine that he had renamed Endurance, after his family motto, "By endurance we conquer."

Shackleton's journey, one of the great epics of global exploration, is recounted through more than 150 of Hurley's color and black-and-white photographs as well as with artifacts and some ingenious video displays in a show called "The Endurance: Shackleton's Legendary Antarctic Expedition," that started Saturday at the American Museum of Natural History. If

it is unbelievable that Hurley's pictures survive at all, it is no less remarkable that so many of them, many of which have never been exhibited before, are first-class works of art.

Sometimes the wildest and most extreme circumstances bring out the best in a person, and this was clearly the case with Hurley, who would cover again he as good a photographer as he was on Shackleton's trip. But then he never again faced anything quite like what they went through.

Shackleton had proposed the absurd idea of crossing the whole continent by foot, about 1,600 miles (2,560 kilometers) from the Weddell Sea to the Ross Sea, simply because it had not been done. The Endurance sailed from England to Buenos Aires,

then to South Georgia Island, the last inhabited post, east of the Falklands, before entering the uncharted Weddell Sea in early December 1914. Conditions were unusually bad that year, and heavy pack ice quickly surrounded the boat. By mid-January, the Endurance had struggled to within 80 miles of Antarctica, but it was being inexorably drawn clockwise by the ice, away from land, north.

For the next 10 months the boat was trapped in the floes, helplessly drifting in the sea and slowly being crushed by millions of tons of pressure. On Oct. 27, 1915, the Endurance finally began to sink. The crew had to abandon ship and camp on the ice. They took what provisions they could. At first Hurley had to leave his film and bulky glass plates behind, but then he convinced Shackleton that they should be saved, if possible, so he drove into the icy water that oozed filled the ship's darkroom. He retrieved more than 500 plates but ultimately destroyed most because they were simply too heavy to take along. Who knows what was lost.

For five months more Shackleton and his men fought to stay afloat in horrendous weather on unpredictable melting ice. They lived on rations, seals and penguins, which they killed when the animals climbed onto the floe, and on their own sled dogs. But food was almost the least of their problems.

On April 9, 1916, the ice suddenly gave way under their tents, almost killing a man, and they had no choice; they scrambled into their small, stubby-masted boats and fought through heavy winds for a week to miraculously reach Elephant Island, a speck in the sea, far from civilization, the first dry land they had come to in 497 days.

But Shackleton had to find help. He set sail again, this time with a few men, to try to get back to South Georgia Island, skirting the Drake Passage, the worst stretch of ocean anywhere. No one had ever done anything vaguely like this. Since Shackleton, no one else has.

Essentially, after a thousand hardships, Shackleton and his men made it to South Georgia Island, found help,

returned to Elephant Island and saved their colleagues.

Hurley's photographs tell only part of the story, although he did take some pictures on Elephant Island with a vest-pocket camera he had salvaged. Mostly he recorded the experience of the Endurance and life on the floes.

He set up dozens of cumbersome lights in the dark to get stunning nighttime shots of the ship's rigging, like spun-sugar candy, against blackness. He climbed to the crow's-nest for pictures of the Endurance casting shadows on the icy sea, amazing images that organize and give depth to an essentially impossible white-on-white vista by projecting the linear geometry of the ship's mast against it. And he took beautiful, melancholic color photographs of the ship marooned in ice.

Caroline Alexander, who put the exhibition together and wrote the accompanying book, describes the pictures Hurley took later in his career as hand color postcard snaps. The photographs here have a calm, abstract beauty. Perhaps the immensity of the subject tempered his inclination



Hurley's photo of Endurance in the Antarctic.

to melodrama. He made decent portraits but did not photograph images of individual suffering or despair. After the expedition, Hurley went to photograph the war at Ypres, Belgium. He made a

popular film of the Shackleton expedition, which has recently been restored and released on video. He spent most of the rest of his life photographing in the South Pacific, and died in 1962, at 76.

## THE FUNNIES

By J. Robert Lennon. 301  
pages. \$23.95. Riverhead.Reviewed by  
Jay A. Fernandez

**C**ARL MIX is dead. He was the nationally syndicated cartoonist of America's favorite family comic strip, "The Family Funnies," in which he was a benevolent patriarch with a doting if exasperated wife and five adorably quirky children. His artful drawings depicted his brood's daily misunderstandings with wit and inoffensive humor appropriate for any family newspaper, making him the one and only mini-celebrity of Riverbank, New Jersey.

Carl's sudden death of a heart attack at the start of "The Funnies," a warm-hearted but indistinct second novel from J. Robert Lennon, causes his now-grown children to reconvene in their hometown for the funeral. This sad reunion and its aftermath provide the reader, as well as the townsfolk of Riverbank, with a detailed look at the inspirations for Carl's sunny imaginary companions. Not since the mask was ripped off genial sports commentator Marv Albert has there been such a shocking disparity between reality and fiction.

Mom Mix (Dot in the strip) is rotting in a nursing home, her accelerating senility a re-

sult of her drinking. She mistakes the crematorium for a movie theater. Rose (Lindy) left home for college and never went back. She openly hates every member of her family without exception.

Bobby, a scowling, red-faced man with an automaton wife and ornub daughter, is so tightly wound he could drill to the center of the Earth. Tim (Timmy), the narrator of the story, got as far as Philadelphia and wastes his time creating bad installation art and forgetting he has a family. Pierce has never gotten over his inexplicable omission from the strip. Usually medicated, he suffers from paranoid delusions that his parents wish to kill him. Bitty, the youngest, somehow survived her childhood without being tainted like the rest. And Carl Mix, though not physically abusive, absented himself, along with his booze, to his backyard studio to create an innocuous version of his maladjusted family rather than deal with it directly, emerging only to shout at his wife or to appear at Family Fest, Riverbank's annual "Family Funnies" derived fair, as an eccentric but genial local hero.

The small-scale dramedy that unfolds after the funeral is sparked by the reading of Pop Mix's will. In it, the children and his wife are left his material and liquid assets. All that is, except Tim. In a devious act of manipulation from beyond the grave, Carl has left his failed artist son only this challenge: He has three months in which to learn to draw "The Family Funnies," in which case he will inherit a financial gold mine of syndication and merchandising rights, or he may refuse to do so and get nothing. For

Tim, the choice is simple. Sell out his fraying artistic integrity or stay poor and uncompromised his entire life.

As attractive as the latter option seems, Tim, of course, decides to take the challenge. And the rest of the novel is a competent, mildly humorous story of a young man, already nearly defeated at age 30, re-evaluating his mediocre life and trying to rediscover a place in his family. The family itself is a sour bunch, but the various members are rendered with enough individualism and lack of cliché to make them recognizable and worthy of the reader's interest.

Besides, it's hard not to sympathize with a group that dissipated angrily after having grown up as anything but the perfect family. As Tim allows, "If there was one thing all my siblings agreed on when we were children, it was that low expectations were always appropriate, in any situation."

Along the way Tim's memories conveniently surface to shed light on his ingrained childhood neuroses, but they never come together in a full, connected portrait of a family. Lennon's first book, "The Light of Falling Stars," a fractured, episodic novel of the scattered people affected by a plane crash, seemed more cohesive. Just the same, Tim's struggle with self-doubt and his dawning awareness of a whole larger than himself may be a worthy topic if only for its universality. After all, unlike in the comics world, few of the problems in any family's life can be resolved in three little panels.

Jay A. Fernandez, a writer in New York City, wrote this for The Washington Post.

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THE WORLD'S DAILY NEWSPAPER







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 Nationwide prices not reflecting late trades elsewhere.  
*The Associated Press.*

姓名	性别	年龄	籍贯	职业	住址	备注
王德胜	男	45	山东	农民	山东省潍坊市青州市	
李秀英	女	38	河北	工人	河北省石家庄市	
张国强	男	52	河南	教师	河南省郑州市	
刘小红	女	28	江苏	医生	江苏省南京市	
陈大明	男	60	浙江	商人	浙江省杭州市	
赵小芳	女	35	四川	护士	四川省成都市	
孙伟明	男	48	广东	工程师	广东省广州市	
周丽娟	女	32	湖北	记者	湖北省武汉市	
吴大刚	男	55	湖南	教授	湖南省长沙市	
郑小华	女	25	福建	歌手	福建省厦门市	
冯国强	男	40	江西	律师	江西省南昌市	
马小敏	女	30	广西	舞蹈家	广西壮族自治区南宁市	
黄大明	男	50	海南	作家	海南省海口市	
周小红	女	22	重庆	学生	重庆市	
孙伟明	男	42	贵州	公务员	贵州省贵阳市	
周丽娟	女	36	云南	画家	云南省昆明市	
吴大刚	男	58	陕西	学者	陕西省西安市	
郑小华	女	27	甘肃	演员	甘肃省兰州市	
冯国强	男	44	宁夏	企业家	宁夏回族自治区银川市	
马小敏	女	31	青海	模特	青海省西宁市	
黄大明	男	53	新疆	翻译	新疆维吾尔自治区乌鲁木齐市	
周小红	女	24	内蒙古	歌手	内蒙古自治区呼和浩特市	
孙伟明	男	46	吉林	工程师	吉林省长春市	
周丽娟	女	34	辽宁	教师	辽宁省沈阳市	
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郑小华	女	26	山西	护士	山西省太原市	
冯国强	男	41	安徽	商人	安徽省合肥市	
马小敏	女	29	江西	舞蹈家	江西省南昌市	
黄大明	男	51	湖北	作家	湖北省武汉市	
周小红	女	23	湖南	学生	湖南省长沙市	
孙伟明	男	43	广东	公务员	广东省广州市	
周丽娟	女	33	广西	画家	广西壮族自治区南宁市	
吴大刚	男	57	海南	学者	海南省海口市	
郑小华	女	28	重庆	演员	重庆市	
冯国强	男	45	贵州	企业家	贵州省贵阳市	
马小敏	女	30	云南	模特	云南省昆明市	
黄大明	男	54	陕西	翻译	陕西省西安市	
周小红	女	25	甘肃	歌手	甘肃省兰州市	
孙伟明	男	47	宁夏	工程师	宁夏回族自治区银川市	
周丽娟	女	35	青海	教师	青海省西宁市	
吴大刚	男	59	新疆	农民	新疆维吾尔自治区乌鲁木齐市	
郑小华	女	29	内蒙古	护士	内蒙古自治区呼和浩特市	
冯国强	男	43	吉林	商人	吉林省长春市	
马小敏	女	32	辽宁	舞蹈家	辽宁省沈阳市	
黄大明	男	52	黑龙江	作家	黑龙江省哈尔滨市	
周小红	女	24	山西	学生	山西省太原市	
孙伟明	男	45	安徽	公务员	安徽省合肥市	
周丽娟	女	34	江西	画家	江西省南昌市	
吴大刚	男	58	湖北	学者	湖北省武汉市	
郑小华	女	27	湖南	演员	湖南省长沙市	
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Continued on Page 14

**In Hong Kong.**

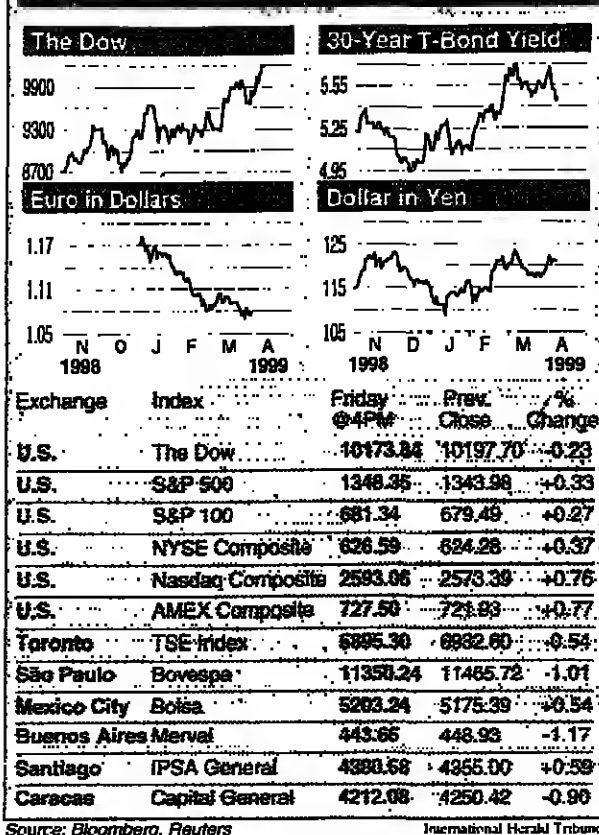
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## Investor's America



## Melissa: Catchy, but Graffiti Art?

New York Times Service

**FREEHOLD, N.J.** — The lawyer for the man accused of creating the fastest-spreading computer virus in history has suggested that whoever wrote the virus should be considered a graffiti artist rather than "an international cyberterrorist."

David Smith, 30, a computer programmer, was arrested a week ago after a global search and charged with writing and sending out the Melissa virus, which has infected more than 100,000 computers worldwide.

His lawyer, Edward Borden, said Thursday that Mr. Smith would most likely plead not guilty if indicted by a state grand jury. The programmer, who lives in New Jersey, will not have to enter a plea on the five counts he faces until his arraignment.

Mr. Borden said Mr. Smith, who remains free on \$100,000 bail, had been wrongfully vilified by the state.

Prosecutors contend that Mr. Smith named the virus after a topless dancer he had apparently met in Florida. He is charged with three counts relating to interruption of public communication, theft of computer services and theft of access to computer systems. The charges carry a maximum penalty of 40 years in prison.

## Very briefly:

- The United States set 100 percent duties on imports of handbags, batteries and other European Union products, three days after the World Trade Organization ruled that the EU had restricted banana sales by U.S. companies unfairly.
- Genentech Inc. has decided not to file for U.S. approval of a nerve drug it is developing with Roche Holding AG because the drug did not work well in promoting nerve growth.
- AMR Corp.'s American Airlines, the No. 2 U.S. airline, said it had reached agreement with its flight attendants on the integration of the low-fare carrier Reno Air Inc. American acquired Reno Air in November and has faced opposition from its unions over melding the carriers' work forces.
- B.F. Goodrich Co. and Coltec Industries Inc. shareholders overwhelmingly approved the companies' \$2 billion consolidation, a deal that strengthens B.F. Goodrich's growing aerospace business.

## U.S. Issues Trade-Sanctions List

The Associated Press

**WASHINGTON** — The United States issued a final target list Friday that will impose punitive tariffs on \$191.4 million of European imports ranging from French handbags to German coffee-makers in a nasty trade war involving bananas. In addition to handbags, coffee-makers and teapots, other items targeted for 100 percent tariffs include bed linens, lead-acid batteries, lithographs, cardboard packing material and felt paper.

The final list excluded a number of products that had been on the original target list. Items left off included Italian prosciutto cheese, Scottish cashmere sweaters and British sheep hanks.

World Trade Organization arbitrators ruled this week that the United States was entitled to impose \$191.4 million in sanctions, not the \$520 million it had originally claimed.

## U. S. STOCK MARKET DIARY

Friday, April 9

Most Active

Index	High	Low	Close	Chg.
Dow Jones	10197.70	10173.34	10173.34	-23.36
S&P 500	1348.35	1343.88	1348.35	+4.47
Nasdaq	2593.06	2573.39	2593.06	+19.67
AMEX	727.50	723.93	727.50	+3.57

Dow Jones Bond

Index	High	Low	Close	Chg.
20 Bonds	102.48	102.40	102.48	+0.08
10 Industrials	102.48	102.40	102.48	+0.08

Trading Activity

Index	High	Low	Close	Chg.
NYSE	124	123	124	+1
Nasdaq	124	123	124	+1

Market Sales

Index	High	Low	Close	Chg.
NYSE	124	123	124	+1
Nasdaq	124	123	124	+1

Dividends

Company	Per Amt	Rec Pay	Company	Per Amt	Rec Pay
Adams Express	0.12	5-10	Central Bank	0.08	5-21
Adams Express	0.12	5-10	Central Bank	0.08	5-21

STOCK SPLIT

Company	Split
Therotech	2 for 1 split

INITIAL

Company	Per Amt	Rec Pay
Therotech	12	4-13

U.S. Stock Tables Explained

Figures are unaudited. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where the low or high range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual dividends based on the latest declaration.

a - dividend also extra 1/2  
b - annual rate of dividend plus stock dividend  
c - dividend declared  
d - dividend exceeds 99  
e - new yearly low  
f - dividend in the last 12 months  
g - dividend declared or paid in preceding 12 months  
h - dividend rate increased on last declaration  
i - dividend in Canadian funds, subject to 1% non-resident tax  
j - dividend declared after split-up or stock dividend  
k - dividend paid this week, omitted, deferred, or no action taken at latest dividend meeting  
l - dividend declared or paid this week, year on accumulation issue with dividends in arrears  
m - annual rate, reduced on last declaration  
n - new issue in the past 52 weeks. The high-low range begins with the start of trading.  
nd - next day delivery.

## THE AMERICAS

## Stocks Are Mixed as Blue Chips Take a Breather

Bloomberg News

**NEW YORK** — Stock prices were mixed Friday as investors fretted that the surge to records had lifted many shares to a level higher than that justified by the outlook for corporate profits.

"The market has rallied 9 percent since early March, and that was too far, too fast," said Courtney Smith, chief investment officer for Orbix Management.

Software companies such as Oracle gained on speculation that preparations for the year 2000 would not hurt sales as much as first was thought. Stock splits, plans for on-line businesses and takeover talk lifted Internet stocks, including TheGlobe.com, International Assets Holding and eSpirite Communications.

But Union Carbide led the Dow Jones industrial average lower as investors dismissed buyout speculation that lifted the stock Thursday.

The Dow declined 23.36 points from its record level Thursday, falling to 10,173.34, while the broader Standard & Poor's 500 index registered a marginal gain of 4.37 points to 1,348.35. But the technology-heavy Nasdaq composite index rose

19.67 to 2,593.06.

Advancers outpaced decliners on the New York Stock Exchange by about a 4-to-3 ratio. For the week, the Dow industrials gained 3.5 percent. The S&P 500 rose 4.2 percent and the

## U.S. STOCKS

Nasdaq composite gained 4.0 percent — their best performance since the week ended Jan. 29. The Russell 2000 index of small stocks rose 1.8 percent.

In the latest sign that inflation poses no threat to the nine-year expansion of the economy, the Labor Department reported unexpectedly low increases in producer prices.

Prices paid to farmers, farmers, and other producers rose 0.2 percent last month. The core rate, excluding the volatile food and energy components, was unchanged. Economists had forecast a 0.3 percent gain for the overall price index and a 0.1 percent increase for the core rate.

Leading Internet stocks higher was TheGlobe.com, which surged 15 1/16 to 78 1/16

## Dollar Falls as Rate Cut Lifts Euro Optimism

Compiled by Our Staff From Dispatches

**NEW YORK** — The dollar fell against the euro Friday after a bigger-than-expected interest-rate cut by the European Central Bank on Thursday fueled optimism for stronger growth in the euro region.

"It gives people hope," said Andy Busch, senior currency trader at Bank of Montreal in Chicago, who sees the rate cut taking the euro to \$1.10 this quarter. "The ECB has finally acted after months of dragging its feet."

In 4 P.M. trading, the euro rose to \$1.0795 from \$1.0743 Thursday. The dollar's loss against the euro helped drive the U.S. currency down to 120.87 yen from 121.150.

The dollar fell for a second day against the pound in the wake of Britain's own interest-rate

cut on Thursday. The pound was at \$1.6083, up from \$1.6055. The dollar fell against the Swiss franc to 1.4835 francs from 1.4850.

Lower European rates, while reducing the

## FOREIGN EXCHANGE

return on euro deposits, could stoke demand for stocks and bonds in the region and for the currency needed to buy them.

The ECB cut its benchmark rate for the first time since it took control of monetary policy on Jan. 1, lowering it a half-point, to 2.50 percent, in a bid to ignite a recovery in the 11-nation euro zone.

The U.S. benchmark rate is 4.75 percent, and an inflation report Friday suggested that prices are

after the company, which lets Internet users set up free home pages, said it planned to split its stock 2 for 1 on May 14 for shareholders of record May 3. International Assets rose 6 1/16 to 125 1/16.

Union Carbide fell 2 1/2 to 48 1/2, contributing most to the Dow average's decline, after surging 12 percent Thursday on speculation that the company would be taken over soon.

Oracle gained 2 9/16 to 25 7/8, leading software issues higher, as investors speculated that the company's spending to resolve year 2000 issues would not hurt sales of new software as much as first thought. Oracle had dropped 35 percent in the last two months.

Separately, crude oil rose almost 5 percent, its highest gain in a month, after the International Energy Agency said production fell short of demand for the first time in more than two years, easing a worldwide glut.

The benchmark 30-year Treasury bond fell 6/32 to 96 30/32 nudging the yield up to 5.46 percent from 5.44 percent.

not rising enough to warrant higher rates. Producer prices rose 0.2 percent in March, less than analysts had expected. Prices fell 0.4 percent in February.

Traders said the report made it less likely that the U.S. Federal Reserve would raise interest rates, especially after the surprise half-point reduction by the European Central Bank.

"U.S. rates are on hold and the rest of the world is reducing," said Murray Gunn, the manager of foreign-exchange risk at Standard Life Investments in Edinburgh.

With rates steady in the United States and unlikely to be cut further in Europe, the rate advantage between three-month deposits in dollars and euros — now more than 2.3 percentage points — has probably peaked, analysts said.

(Bloomberg, AFP)

## RATES: Long-Awaited ECB Cut May Prove to Be Only a Placebo for Europe's Economic Difficulties

Continued from Page 1

some European governments to adapt their economies to the era of globalization. The rate cut, Mr. Duisenberg said, deprives politicians of the excuse of halting the ECB for high unemployment.

Economists such as Mr. Schulte at IBI will not raise their growth forecasts based on cheaper credit alone. And the German Banking Association cautioned not to expect an economic revival from the ECB action.

Nor will lower rates significantly dent the double-digit unemployment rate in the euro bloc. Eurostat reported Friday that the single-currency zone's jobless rate re-

mained unchanged at 10.5 percent in February, more than twice the U.S. rate.

Germany, the largest European economy, "is stuck in a vicious circle in which excessive payroll taxes cause higher unemployment and a social security deficit, which, in turn, is financed by even higher payroll taxes," said Holger Schmieding, a Merrill Lynch & Co. economist.

To be sure, the rate cut will provide some benefits in Europe, economists said. For one, it will tend to lower the value of European currencies, making the Continent's exports more competitive on world markets.

"Duisenberg implicitly put the acceptable euro level lower than we had in mind," Othmar Lang, a senior economist at Deutsche Bank in Frankfurt, told Bloomberg News. "Given that the U.S. economy is strong and the European economy is weak, we need to have a stronger dollar and weaker euro."

Nonetheless, the euro was trading Friday at \$1.0795, up from \$1.0743 at the close of trading Thursday in New York.

Still, the euro has fallen nearly 10 percent against the dollar since its introduction Jan. 1, effectively lowering the price on euro-denomin-

ated exports. By unleashing market forces and bolstering exports, a weaker currency does more to revive an economy than rate cuts do, economists said.

More important, the easing of credit should be a boon to business investment and consumer spending, though this will likely take months to materialize.

"The ECB rate cut is positive for Spain," the country's economy secretary, Cristobal Montor, told Reuters. It will allow Spain to reach a target growth rate of 3.5 percent, he said.

The ECB move on Friday gave the central bank of Denmark, which is outside the euro zone, justification to lower its benchmark interest rate to 2.9 percent from 3.4 percent. Most of Europe now can enjoy the lowest credit terms in years after the Swiss National Bank and the Bank of England also lowered their lending rates Thursday.

The European Commission last week lowered its forecast for the euro bloc's economic growth this year to 2.2 percent from 2.6 percent, down from 3 percent last year, but private economists increasingly think that is too optimistic. Some expect only 1.8 percent.

If the hint of Mr. Duisenberg's exhortations appeared directed at Germany, it is because Germany's problems threaten to become Europe's problems, said Thomas Mayer, euro-bloc economist for Goldman, Sachs & Co. in Frankfurt.

"German tax rates become a euroland problem, because if Germany does not make its reforms it can drag down growth in the other countries," Mr. Mayer said.

"Interest rates do not hold back growth," he said. "It is tax rates that hold back growth." Mr. Mayer added: "I do not expect anything from this rate cut alone."

## MICROSOFT: Fork in Road

Continued from Page 11

Microsoft competitors were, naturally, skeptical. "At a risk of being called sexist, sexist and French," said Jean Louis Gasse, chairman of Be, "if you put multimedia, a leather skirt and lipstick on a grandmother and take her to a nightclub, she's still not going to get lucky."

Microsoft also announced plans for its corporate Windows 2000 operating system, raising concerns that by fragmenting its product line the company may sow confusion

among customers. "This raised a red flag for me," said Louis Mazzuchelli Jr., an analyst at Gerard Klauer Matisson, a New York investment firm. "Remember when Apple had more than 17 different product lines?"

He said the company would be working on the Windows Server Appliance announced Wednesday, Windows 2000, Windows 2000 Professional, Windows 2000 Advanced Server and Windows 2000 Data Center.

## INTEREST RATES

Friday, April 9

## Government Debt

Country	3-month	6-month	1-year	2-year	5-year	10-year
Britain	4.80	4.80	4.80	4.80	4.80	4.80
France	2.70	2.70	2.70	2.70	2.70	2.70
Germany	3.00	3.00	3.00	3.00	3.00	3.00
Italy	2.20	2.20	2.20	2.20	2.20	2.20
Japan	0.90	0.90	0.90	0.90	0.90	0.90
Spain	2.80	2.70	2.70	2.70	2.70	2.70
United States	4.35	4.35	4.35	4.35	4.35	4.35
U.S. 10-year	4.35	4.35	4.35	4.35	4.35	4.35

Source: Bloomberg.

## Money Market Rates

United States	Today	Prev.	Britain	Today	Prev.
Discount rate	4%	4%	Base rate	4%	4%
Prime rate	7%	7%	Call money	5%	5%
Federal funds	4%	4%	1-month interbank	5%	5%
90-day Cert. Deposit	4%	4%	3-month interbank	5%	5%
100-day Cert. Deposit	4%	4%	6-month interbank	5%	5%

Source: Bank of Tokyo-Mitsubishi.

## Libor Rates

Country	1-month	3-month	6-month	1-year	2-year	5-year	10-year
Britain	0.50	0.50	0.50	0.50	0.50	0.50	0.50
France	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Germany	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Italy	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Japan	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Spain	0.50	0.50	0.50	0.50	0.50	0.50	0.50
United States	0.50	0.50	0.50	0.50	0.50	0.50	0.50
U.S. 10-year	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Source: Reuters.

## Forward Rates

Country	1-month	3-month	6-month	1-year	2-year	5-year	10-year
Britain	0.50	0.50	0.50	0.50	0.50	0.50	0.50
France	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Germany	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Italy	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Japan	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Spain	0.50	0.50	0.50	0.50	0.50	0.50	0.50
United States	0.50	0.50	0.50	0.50	0.50	0.50	0.50
U.S. 10-year	0.50	0.50	0.50	0.50	0.50	0.50	0.50

Source: Associated Press.

## Gold Fixings

Country	Today	Prev.	Britain	Today	Prev.
United States	280.00	280.00	Base rate	4%	4%
London	280.00	280.00	Call money	5%	5%
U.S. dollars per ounce	280.00	280.00	1-month interbank	5%	5%
Source: Reuters.			3-month interbank	5%	5%
			6-month interbank	5%	5%

## Commodity Indexes

Commodity	Today	Prev.	Britain	Today	Prev.
Crude oil	28.00	28.00	Base rate	4%	4%
Gold	280.00	280.00	Call money	5%	5%
U.S. dollars per ounce	280.00	280.00	1-month interbank	5%	5%
Source: Reuters.			3-month interbank	5%	5%
			6-month interbank	5%	5%

## Stock Indexes

Index	Today	Prev.	Britain	Today	Prev.
S&P 500	1348.35	1343.88	Base rate	4%	4%
Dow Jones	10173.34	10197.70	Call money	5%	5%
Nasdaq	2593.06	2573.39	1-month interbank	5%	5%
AMEX	727.50	723.93	3-month interbank	5%	5%
U.S. 10-year	4.35	4.35	6-month interbank	5%	5%

Source: Bloomberg.

## Stock Indexes

U.S. dollars per ounce	120.89	120.35	119.81
Source: Reuters	Japanese yen	1.4771	1.4733
	Swiss franc	1.4690	



## EUROPE

## Europe's Merger Maestro

Takeover Artist Frere in Business for 45 Years

By Gregory Viscusi  
Bloomberg News

PARIS — The frenzy of mergers in Europe has produced a new cadre of U.S.-style takeover artists, but none so far can match the staying power of Albert Frere. The 73-year-old Belgian industrialist has been flipping companies for 45 years.

Mr. Frere and his partners are poised to reap a profit of at least \$1.5 billion in July, when he completes the sale of Petrofina SA, Belgium's largest oil refiner, to the French energy giant Total SA.

In the past 18 months, he has sold off his banking and insurance interests. Some associates say he is also seeking a buyer for his 50 percent stake in CLT-Ufa, Europe's largest television broadcaster.

But do not be misled by the divestitures. Mr. Frere's associates say he is as acquisitive as ever.

"People have this idea that he's winding down but that's just not the case," said Paul Desmarais, an investor and long-time partner. "He is still building."

In February, Metal SA, a French building materials manufacturer controlled by Mr. Frere, paid \$1.2 billion for English China Clays PLC, making the company the world's largest producer of paper-whitening pigments.

After the Petrofina sale, Mr. Frere will still hold sway over four major companies, with stakes worth \$9 billion: Total, Metal, CLT-Ufa, and the Paris-based Soez Lyonnaise des Eaux SA.

Merger and acquisition activity is at a tear in Europe. Companies announced deals worth a record \$284

billion in the first quarter, up from \$113 billion in the same period a year earlier.

What sets Mr. Frere apart from other takeover specialists, aside from his longevity, is his opportunistic approach to buying, his use of multiple holding companies, and his penchant for doing deals without consulting investment bankers.

Even though his personal net worth probably does not amount to much more than \$1 billion, Mr. Frere plays a dominant role in companies with a market value of at least \$80 billion. He also has a knack for getting a premium, as he did with Petrofina, even when the market seems to have turned against him.

"He is not a Warren Buffett," said the chairman of Metal, Aimery Laigneau-Meurine, referring to the U.S. billionaire famous for his disciplined investment approach. "Buffett is much more of a thinker, much more analytical. Frere is more impulsive."

Mr. Frere operates from a chateau, built in the style of an 18th-century manor, in Charleroi, where he was born in a gritty, industrial city in the southern, French-speaking part of Belgium. As a teenager, he did odd jobs at his family's company, which made nails and chains.

After World War II, Mr. Frere steered the business towards steel trading, honing his self-described killer instinct.

"The passion, the desire to win, to make the opponent eat dust, that overshadows all other considerations," Mr. Frere said in "The Son of a Nail Merchant," a 1997 biography with which he cooperated. He rarely gives interviews, and agreed only to provide written answers to questions for this article.

Over the years, Mr. Frere has learned to temper his aggressiveness with charm. He often uses his love of tennis,



Mr. Frere, shown in 1997. "Work is my pleasure," he said recently.

skiing, hunting and fine food and wine to win over adversaries.

It took him just one afternoon in March 1996 at his Belgian beach house in Knokke to create CLT-Ufa. He did it by merging CLT, a Luxembourg-based broadcaster, with the television operations of Bertelsmann AG, Germany's leading publisher and media group.

CLT-Ufa has yet to turn a profit. It lost 20 million euros (\$22 million) in 1998, largely due to its expansion into pay and digital television.

One Frere associate says the industrialist is fed up with the losses and is looking to sell. Mr. Frere declined to comment.

With Rupert Murdoch's News Corporation Ltd., Silvio Berlusconi's Fininvest SpA, and Leo Kirch's Kirch Group all looking to expand, he should not have trouble finding a buyer.

What keeps Mr. Frere going? Associates say he seeks more than profit; the nail merchant's son from Charleroi wants prestige.

Mr. Frere says: "Work is my pleasure, and as long as I'm shipshape I intend to stay at the helm."

## Germany Set to Block Coke Acquisition Plan

by blocking the acquisition, Handelsblatt said.

FRANKFURT — Germany's cartel office plans to block Coca-Cola's acquisition of the soft drink business of Cadbury Schweppes PLC, the business daily Handelsblatt said on Friday.

The \$1.83 billion deal raises "considerable competition concerns" since Coca-Cola already controls half of the soft drink market in Germany, the paper said, adding that a cartel office spokesman confirmed the report.

The cartel office wants to protect competitors PepsiCo Inc., Brau und Brunnen AG and Nestle Deutschland AG

by blocking the acquisition, Handelsblatt said.

Schweppes's market share in Germany is relatively small, but Coke already controls more than 50 percent of the market for carbonated drinks, excluding mineral water, Handelsblatt said.

Germany would be the first European nation to express opposition to the deal. Competition authorities in Australia and Mexico have also opposed the takeover.

Schweppes brands include Dr Pepper, Canada Dry and Crush. Besides cola, Coke also sells Sprite, Fanta, Meyowin and Kinley in Germany.

## Dresdner Bank Profit Climbs as Taxes Fall

Compiled by Our Staff From Dispatches

FRANKFURT — Dresdner Bank AG, Germany's third-largest bank, said Friday that its net profit jumped 55.4 percent to 1.85 billion Deutsche marks (\$1.03 billion) because of a steep decline in tax payments that offset lower pretax earnings.

The bank is "clearly on the way" to making acquisitions, Chief Executive Bernhard Walter said. "We have an inexhaustible war chest at our disposal," he told the bank's earnings conference.

Dresdner said that taxes had declined to 758 million DM from 1.61 billion DM as a result of special factors and also because of the bank's decision to switch to International Accounting Standards for 1998.

The rise in net profit outweighed a 6.8 percent fall in pretax profit, to 2.62 billion DM, as the bank struggled with the crisis in emerging markets that forced it to raise net risk provisions.

The stock closed in Frankfurt at 38.10 euros (\$41.22), up 0.40 cents.

(Reuters, Bloomberg)

## Investor's Europe

Frankfurt DAX	London FTSE 100 Index	Paris CAC 40
5000	6750	4500
5100	6850	4600
5200	6950	4700
5300	7050	4800
5400	7150	4900
5500	7250	5000
5600	7350	5100
5700	7450	5200
5800	7550	5300
5900	7650	5400
6000	7750	5500
6100	7850	5600
6200	7950	5700
6300	8050	5800
6400	8150	5900
6500	8250	6000
6600	8350	6100
6700	8450	6200
6800	8550	6300
6900	8650	6400
7000	8750	6500
7100	8850	6600
7200	8950	6700
7300	9050	6800
7400	9150	6900
7500	9250	7000
7600	9350	7100
7700	9450	7200
7800	9550	7300
7900	9650	7400
8000	9750	7500
8100	9850	7600
8200	9950	7700
8300	10050	7800
8400	10150	7900
8500	10250	8000
8600	10350	8100
8700	10450	8200
8800	10550	8300
8900	10650	8400
9000	10750	8500
9100	10850	8600
9200	10950	8700
9300	11050	8800
9400	11150	8900
9500	11250	9000
9600	11350	9100
9700	11450	9200
9800	11550	9300
9900	11650	9400
10000	11750	9500
10100	11850	9600
10200	11950	9700
10300	12050	9800
10400	12150	9900
10500	12250	10000
10600	12350	10100
10700	12450	10200
10800	12550	10300
10900	12650	10400
11000	12750	10500
11100	12850	10600
11200	12950	10700
11300	13050	10800
11400	13150	10900
11500	13250	11000
11600	13350	11100
11700	13450	11200
11800	13550	11300
11900	13650	11400
12000	13750	11500
12100	13850	11600
12200	13950	11700
12300	14050	11800
12400	14150	11900
12500	14250	12000
12600	14350	12100
12700	14450	12200
12800	14550	12300
12900	14650	12400
13000	14750	12500
13100	14850	12600
13200	14950	12700
13300	15050	12800
13400	15150	12900
13500	15250	13000
13600	15350	13100
13700	15450	13200
13800	15550	13300
13900	15650	13400
14000	15750	13500
14100	15850	13600
14200	15950	13700
14300	16050	13800
14400	16150	13900
14500	16250	14000
14600	16350	14100
14700	16450	14200
14800	16550	14300
14900	16650	14400
15000	16750	14500
15100	16850	14600
15200	16950	14700
15300	17050	14800
15400	17150	14900
15500	17250	15000
15600	17350	15100
15700	17450	15200
15800	17550	15300
15900	17650	15400
16000	17750	15500
16100	17850	15600
16200	17950	15700
16300	18050	15800
16400	18150	15900
16500	18250	16000
16600	18350	16100
16700	18450	16200
16800	18550	16300
16900	18650	16400
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17200	18950	16700
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17400	19150	16900
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19100	20850	18600
19200	20950	18700
19300	21050	18800
19400	21150	18900
19500	21250	19000
19600	21350	19100
19700	21450	19200
19800	21550	19300
19900	21650	19400
20000	21750	19500
20100	21850	19600
20200	21950	19700
20300	22050	19800
20400	22150	19900
20500	22250	20000
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20800	22550	20300
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21200	22950	20700
21300	23050	20800
21400	23150	20900
21500	23250	21000
21600	23350	21100
21700	23450	21200
21800	23550	21300
21900	23650	21400
22000	23750	21500
22100	23850	21600
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24400	26150	23900
24500	26250	24000
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25100	26850	24600
25200	26950	24700
25300	27050	24800
25400	27150	24900
25500	27250	25000
25600	27350	25100
25700	27450	25200
25800	27550	25300
25900	27650	25400
26000	27750	25500
26100	27850	25600
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29800	31550	29300
29900	31650	29400
30000	31750	29500
30100	31850	29600
30200	31950	29700
30300	32050	29800
30400	32150	29900
30500	32250	30000
30600	32350	30100</



The 1,000 most traded National Market securities in terms of dollar value, updated twice a year.  
*The Associated Press.*

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**Friday's 4 P.M. Close**  
The 150 most traded stocks of the day:  
up to the closing on Wall Street.  
*The Associated Press.*

High	Low	Latest
12	17 1/2	32
13	18 1/2	33
14	19 1/2	34
15	20 1/2	35
16	21 1/2	36
17	22 1/2	37
18	23 1/2	38
19	24 1/2	39
20	25 1/2	40
21	26 1/2	41
22	27 1/2	42
23	28 1/2	43
24	29 1/2	44
25	30 1/2	45
26	31 1/2	46
27	32 1/2	47
28	33 1/2	48
29	34 1/2	49
30	35 1/2	50
31	36 1/2	51
32	37 1/2	52
33	38 1/2	53
34	39 1/2	54
35	40 1/2	55
36	41 1/2	56
37	42 1/2	57
38	43 1/2	58
39	44 1/2	59
40	45 1/2	60
41	46 1/2	61
42	47 1/2	62
43	48 1/2	63
44	49 1/2	64
45	50 1/2	65
46	51 1/2	66
47	52 1/2	67
48	53 1/2	68
49	54 1/2	69
50	55 1/2	70
51	56 1/2	71
52	57 1/2	72
53	58 1/2	73
54	59 1/2	74
55	60 1/2	75
56	61 1/2	76
57	62 1/2	77
58	63 1/2	78
59	64 1/2	79
60	65 1/2	80
61	66 1/2	81
62	67 1/2	82
63	68 1/2	83
64	69 1/2	84
65	70 1/2	85
66	71 1/2	86
67	72 1/2	87
68	73 1/2	88
69	74 1/2	89
70	75 1/2	90
71	76 1/2	91
72	77 1/2	92
73	78 1/2	93
74	79 1/2	94
75	80 1/2	95
76	81 1/2	96
77	82 1/2	97
78	83 1/2	98
79	84 1/2	99
80	85 1/2	100

**Friday's 4 P.M. Close**  
(Continued)

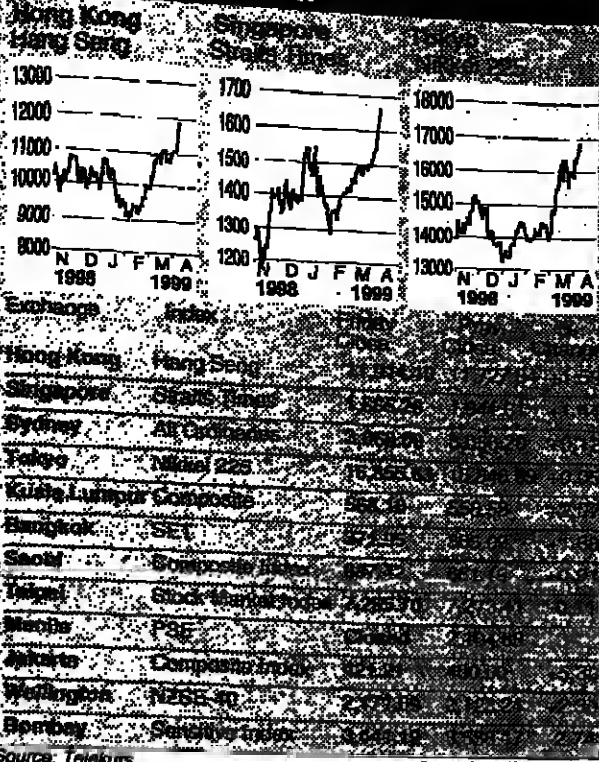
Type	72 Month High	Low	Stock	Dly Div	Yld PE	St 100	High	Low	Letter
1974	100	100	VIAA	0.00	100	100	100	100	100
1975	100	100	VIAA	0.00	100	100	100	100	100
1976	100	100	VIAA	0.00	100	100	100	100	100
1977	100	100	VIAA	0.00	100	100	100	100	100
1978	100	100	VIAA	0.00	100	100	100	100	100
1979	100	100	VIAA	0.00	100	100	100	100	100
1980	100	100	VIAA	0.00	100	100	100	100	100
1981	100	100	VIAA	0.00	100	100	100	100	100
1982	100	100	VIAA	0.00	100	100	100	100	100
1983	100	100	VIAA	0.00	100	100	100	100	100
1984	100	100	VIAA	0.00	100	100	100	100	100
1985	100	100	VIAA	0.00	100	100	100	100	100
1986	100	100	VIAA	0.00	100	100	100	100	100
1987	100	100	VIAA	0.00	100	100	100	100	100
1988	100	100	VIAA	0.00	100	100	100	100	100
1989	100	100	VIAA	0.00	100	100	100	100	100
1990	100	100	VIAA	0.00	100	100	100	100	100
1991	100	100	VIAA	0.00	100	100	100	100	100
1992	100	100	VIAA	0.00	100	100	100	100	100
1993	100	100	VIAA	0.00	100	100	100	100	100
1994	100	100	VIAA	0.00	100	100	100	100	100
1995	100	100	VIAA	0.00	100	100	100	100	100
1996	100	100	VIAA	0.00	100	100	100	100	100
1997	100	100	VIAA	0.00	100	100	100	100	100
1998	100	100	VIAA	0.00	100	100	100	100	100
1999	100	100	VIAA	0.00	100	100	100	100	100
2000	100	100	VIAA	0.00	100	100	100	100	100
2001	100	100	VIAA	0.00	100	100	100	100	100
2002	100	100	VIAA	0.00	100	100	100	100	100
2003	100	100	VIAA	0.00	100	100	100	100	100
2004	100	100	VIAA	0.00	100	100	100	100	100
2005	100	100	VIAA	0.00	100	100	100	100	100
2006	100	100	VIAA	0.00	100	100	100	100	100
2007	100	100	VIAA	0.00	100	100	100	100	100
2008	100	100	VIAA	0.00	100	100	100	100	100
2009	100	100	VIAA	0.00	100	100	100	100	100
2010	100	100	VIAA	0.00	100	100	100	100	100
2011	100	100	VIAA	0.00	100	100	100	100	100
2012	100	100	VIAA	0.00	100	100	100	100	100
2013	100	100	VIAA	0.00	100	100	100	100	100
2014	100	100	VIAA	0.00	100	100	100	100	100
2015	100	100	VIAA	0.00	100	100	100	100	100
2016	100	100	VIAA	0.00	100	100	100	100	100
2017	100	100	VIAA	0.00	100	100	100	100	100
2018	100	100	VIAA	0.00	100	100	100	100	100
2019	100	100	VIAA	0.00	100	100	100	100	100
2020	100	100	VIAA	0.00	100	100	100	100	100

هكذا من الأرض



## ASIA/PACIFIC

## Investor's Asia



## Very briefly:

- **International Digital Communications Inc.** will reject a takeover bid by Cable & Wireless PLC of Britain and pursue an offer from fellow Japanese phone company Nippon Telegraph & Telephone Corp., the newspaper Yomiuri Shimbun reported, sending shares of NTT surging to a nine-year high.
- **JGC Corp.**, a Japanese maker of petrochemical, gas and oil-refining lines, will cut 500 jobs, about 20 percent of its work force, through early retirement and attrition.
- **Mazda Motor Corp.**, an affiliate of Ford Motor Co., will increase its investment in new models by 15 percent over the next four years as it recovers from financial difficulties.
- **Thailand's** gross domestic product shrank 1.1 percent in the third quarter of 1998 from a year ago but grew 1.4 percent over the previous quarter. The state planning agency predicted recovery by the second half of 1999. Meanwhile, three Thai banks will offer an additional \$2 billion (11.3 billion baht) in loans to help small businesses ride out the recession.
- **Salomon Smith Barney Inc.** and Citibank NA, both units of Citigroup Inc., led investment banks in selling equity in Asian companies this year, even as sales by all companies dropped 35.7 percent from the same period last year.
- **Nikko Electric Industry Co.**, a Japanese maker of electrical parts for automobile engines, filed for bankruptcy after declining earnings left it unable to pay debts stemming from its investments in equipment and affiliates.
- **South Korea's** central bank denied it had lost billions of dollars through derivative investments, as a recent World Bank report said.

Bloomberg, AP, AFP

## China Internet Firms Link Up

Agence France-Press  
BEIJING — China's eight Internet content providers have reached an agreement aimed at regulating the market and defending themselves against foreign competition, official news organizations reported Friday.

"The conference agreed that local companies need a regulated domestic market," China Daily said, "which ensures Chinese companies are able to expand quickly and have enough strength to compete with their foreign counterparts that have shown a lot

of interest in entering the market."

Sohu, Sina, ChinaByte, Netease, China Wide Web, Goyoyo, Shanghai Online and Information Highway Tech make up the Internet industry group.

The number of users in China doubled last year to reach 2.1 million in December. Official forecasts predict another doubling this year and 10 million users in 2002. That growth is attracting foreign companies, led by Yahoo! Inc., which already posts information in Chinese.

## Who Will Pick Up the Tab for Indonesia's Bad Debts?

By Philip Bowring  
Special to the Herald Tribune

JAKARTA — Much of the Indonesian economy may have seen the worst. But the banking sector and, by extension, the government's finances are staring into a black hole whose depth has yet to be fathomed.

There is lot of talk about foreign debts — which can be renegotiated down. But much less about the bigger problem of domestic debt, for which only Indonesians can pay.

The question is: Which ones will pay most?

High interest rates and mammoth nonperforming loans mean Indonesian banks are paying out twice as much interest as they are receiving. Specialists who are critical suggest that the recapitalization measures being applied by the government with the blessing of the International Monetary Fund are inadequate, have not snatched the red ink and will leave larger problems in their wake. They could leave the government with a domestic debt overhang so large that it will eventually invite radical write-down measures or deliberate high inflation to collapse its real value.

Even under the best of circumstances, it will be many months before the banks stop bleeding, and there is disagreement over how much it will cost to rescue them. Whatever the final bill to be presented, it will hang over a generation of Indonesians.

## ECONOMIC SCENE

For the banking system as a whole, nonperforming loans are said to be running at 70 percent of total bank debt, with interest on a further 10 percent to 15 percent being only partly met. One report says 65 percent of all loans should be classified as exceeding 100 percent loss-provisioning.

The government's remedial measures include the recapitalization of state banks, closures of several — mostly small — banks, the injection of government capital and some new private money into a select number of mostly large but hitherto private banks, and the takeover — but not closure — of several other private banks.

The recapitalization will consist of the issue of government bonds to the banks as substitute assets for loans being written

off and passed to the asset management unit of the Indonesian Bank Restructuring Agency. Many view the recapitalization, costly as it is, as far from adequate. Most banks will still have negative interest income — and high costs. The government boards do not represent cash, which can help restart the economy through new loans. Interest on the bonds, fixed at 2 percent below the local Treasury bill rate, is said to be likely to be too low to make banking profitable, even after branch closures and other cost-cutting.

The old owners and failed managements at the private banks are continuing in place even after government acquisition of shareholder control. In some cases, owners who have put up the 20 percent cash required by government have done so even though they are in default on some of their own loans, local as well as foreign. Most of these banks are also heavily indebted to Bank Indonesia, which provided liquidity when their deposit base collapsed.

The government is in a bind. On the one hand it promised to guarantee all bank deposits and borrowing; on the other it has shown minimal ability or even will to get control of bank assets, or apply pressure on major defaulters. Bankers and borrowers retain much influence in the political system. The bankruptcy law is not yet working as intended, and with the government picking up the bill bank managements are viewed as likely to offer sweetheart deals to many defaulters.

Officially, the bank rescue bill stands at around 450 trillion rupiah (\$50 billion) in bonds, which have to be issued to back recapitalization and repay Bank Indonesia for liquidity support to private banks. But unofficial estimates from specialists now go as high as 700 trillion rupiah, or 60 percent of gross domestic product. Asset sales probably will shave the bailout bill by only 20 percent at best, by most estimates.

Decisions on which banks and companies live or die are highly political, and will remain so at least until the June election. A strong vote against the government party, Golkar, and replacement of President B. J. Habibie by a strong reformer might eventually lead to tougher action against the malfeasance that has cost the nation so dearly and clear the way for the entry of new capital and management. But that is a long way off.

## Wooring WTO, Taiwan Opens Markets

The Associated Press

TAIPEI — As China moves closer to entering the World Trade Organization, Taiwan said Friday that it would lift an import ban on 150 agricultural products from the mainland to improve its own chances of getting in.

Once China is admitted to the WTO, Taiwan is hoping to follow. And Beijing — as a member — is expected to demand more such concessions from Taiwan, which could fuel more disputes between them.

Preparing Taiwan to treat China as a fair trading partner

under WTO rules, Taiwan's Economics Ministry said that the island would allow the import of Chinese corn, wheat, barley and other farm products.

The directive Friday represented Taiwan's broadest move to open its markets to Chinese goods.

But completely free trade is out of the question for now, officials said. Taiwan will keep its ban on several popular items to prevent hurting the livelihood of its own tea growers, they said.

Taiwan also remained vague on a subject that could

prove touchy: whether to end its ban on air and shipping links with China once both are in the WTO.

The trade body's rules call for open transport links. Taiwan conceivably could try to prevent this by citing overriding national security concerns, but Chiang Ping-kun, chairman of the government's Council for Economic Planning and Development, said Friday that it was too soon to say whether Taiwan would try that.

Beijing regards Taiwan as a renegade province, threatening military attack if Tai-

wan ever formally declares independence, and opposes its joining any international organization as a sovereign country.

Taiwan and China split politically following the mainland's civil war in 1949, and Taiwan bans official contacts with China.

Taiwan has completed bilateral negotiations with all 26 WTO member countries that demand such talks.

A working committee of the organization is scheduled to meet in Geneva this month or next to discuss Taiwan's entry.

## HONG KONG: Economy's Three Pillars Are All a Bit Shaky

Continued from Page 11

For source of economic activity has been its role as a gateway to China. Foreigners doing business with China would often use their head offices in the more sophisticated English-speaking Hong Kong, and then jet to China when needed at their factories or sales offices there. They often used Hong Kong ports to ship their goods in and out of China. Likewise, China used Hong Kong financial markets to raise money for its companies and infrastructure projects.

But traders are increasingly bypassing Hong Kong for cheaper ports in China, while foreign companies are slowly moving more personnel and office operations directly to China, to escape Hong Kong's high costs.

With its three economic pillars in trouble, Hong Kong is struggling to find a new act. "Hong Kong needs to find new sources of growth, one that property and China trade can no longer drive the econ-

omy," Mr. Xie said. For now, the government has singled out two projects. It is negotiating with Walt Disney Co. to build a large theme park in Hong Kong. The talks are still under way, with few details made public, but the government said a Disney theme park would stimulate tourism and bring thousands of jobs.

Critics, though, said the jobs would be low-paying. They also said it was unclear whether a Disney theme park would lure back the big-spending tourists from Japan, the United States and Europe, or would simply bring in more tourists from mainland China, who spend far less at hotels and restaurants.

The other project is a \$1.7 billion high-technology industrial park and luxury apartment complex called Cyberport. The buildings will have high-speed communications connections and wiring to support computers. But the project has been criticized as mainly a property deal that will enrich Richard Li, the son of the influential tycoon

Li Ka-shing. Richard Li's Pacific Century Group was awarded the Cyberport deal without competitive bidding.

■ **Prime Rates Are Cut**

Hong Kong banks cut their prime lending rates by a quarter percentage point Friday in a widely anticipated move that was expected to boost the economy a modest boost. Reuters reported from Hong Kong.

Major Hong Kong banks, led by the Bank of China, HSBC Holdings PLC and Hang Seng Bank Ltd., cut

prime lending rates 25 basis points on Friday to 8.50 percent. The cut, which followed a round of interest-rate reductions in Europe on Thursday, was in line with market expectations.

The banks announced the prime cut shortly after the Hong Kong Association of Banks said its members were trimming their deposit rates 25 basis points, to 3.75 percent, the sixth such cut since mid-October.

Investors cheered the moves, driving Hong Kong share prices up 1.6 percent.

## PHARMA/HEALTH

Fonds Commun de Placement  
31, Allée Scheffer  
L-2520 Luxembourg

## NOTICE TO SHAREHOLDERS

Notice is hereby given to the shareholders of PHARMA/HEALTH ("the Fund") that the Board of Directors of PHARMA/HEALTH Management Company S.A. ("the Management Company") took the following resolutions:

1. The Management Company will receive a fee ("Fixed Fee") out of the assets of the Fund at the end of each quarter at an annual rate of 1% of the net asset value of the assets of the Fund, as determined on the last Valuation Date of each month; the fee will be calculated on the average of such monthly net asset values during the relevant quarter and will be payable at the end of each quarter.

In addition, the Management Company will receive annually at the end of each fiscal year a performance fee out of the assets of the Fund (the "Performance Fee"). For each Investment Advisor, the Performance Fee will be calculated separately on the portion of the Fund's assets managed by such Investment Advisor. This means that, if the assets managed by one Investment Advisor show an increase which entitles the Management Company to levy the Performance Fee, whereas the assets managed by the one or more of the remaining Investment Advisors do not show an increase which warrants the payment of the Performance Fee, the Performance Fee will still be due and payable with regard to the assets managed by the performing Investment Advisor, although the overall performance of the Fund is insufficient to justify the payment of the Performance Fee, or could even be negative. For the purpose of the calculation of the Performance Fee, a specific net asset value per share ("Specific Net Asset Value per Share") will be calculated on each Valuation Date with respect to the assets managed by each Investment Advisor. The Performance Fee, if any, is equivalent to twenty percent of the excess appreciation in the Specific Net Asset Value per Share per year. The excess appreciation is equal to the appreciation in any year in excess of 8%, and adjusted appropriately for previous distributions and for partial years. Moreover, the Performance Fee is only paid when and if the Specific Net Asset Value per Share reaches, at year end, a new high, compared to the high at the year end of any previous years (the "High Water Mark") and only on the new excess appreciation over the said high at the end of any previous years for the Specific Net Asset Value per Share. The Specific Net Asset Value per Share will also be adjusted to reflect dividends and other distributions. The High Water Mark will be calculated separately for each Investment Advisor. In the event an Investment Advisor is replaced by a new Investment Advisor or that assets are shifted from one Investment Advisor to another Investment Advisor, the new Investment Advisor will be bound by the High Water Mark relating to those assets he will manage. Each Investment Advisor will be paid by the Management Company from the Fixed Fee and, if appropriate, the Performance Fee as agreed upon in the advisory agreement executed with each Investment Advisor. No assets of the Fund will be exposed to the payment of a Performance Fee more than once, in the case that the Fund's assets decline in value and subsequently increase in value under the management of a different Investment Advisor. The Fixed Fee will be calculated on the last Valuation Date of each quarter and paid quarterly in arrears. The Performance Fee will be calculated on every Valuation Date and accrued proportionately but payment will be based on the last Valuation Date of the Fiscal Year of the Fund as compared to the last Valuation Date of the previous Fiscal Year of the Fund or in the case of the initial Fiscal Year, the initial Valuation Date and paid in arrears. The last Fiscal Year of the Fund may be an abbreviated Fiscal Year and the Performance Fee will be calculated on a pro-rata basis and paid in arrears.

The Custodian shall be entitled to receive out of the assets of the Fund a fee of 0.12% per annum calculated on the basis of the net assets at the end of each month; no other administration fee will be charged out of the fund for the Custodian.

The new rates of the fees will become effective one month after the date of publication of this notice. During this period of one month, the shareholders of the Fund have got the right to ask for redemption of their shares, without any redemption fee, at registered office of the Management Company, 31, Allée Scheffer, L-2520, Luxembourg.

2. Orblimed Advisory LLC  
767 Third Avenue, New York, N.Y. 10017-2023  
Alliance Capital Management L.P.  
1345, Avenue of the Americas New York N.Y. 10105  
Merlin Biomed Advisors LLC  
237, Park Avenue, Suite 801, NEW YORK NY 10017

were appointed as new Investment Advisors to the Fund. The Management Company shall entrust to each Investment Advisor with the management of a portion of the Fund's assets. The Management Company may, at any time and at its sole discretion, increase or decrease the amount of the Fund's Assets allocated to each Investment Advisor. The agreements concluded with the Investment Advisor will be provided upon request, together with the update amount of the Fund's assets allocated to each Investment Advisor, at the registered office of the Management Company. Each Advisor has the power, subject to the overall supervision of the Board of Directors of the Management Company, to manage, invest and disinvest the portion of the Fund's assets allocated to it.

The new Prospectus dated May 1999 will be at the disposal of the investors, free of charges, at the registered office of the Management Company.  
Luxembourg, on April 2nd, 1999.

PHARMA/HEALTH Management Company S.A.  
By order of the Board

## RELIGIOUS SERVICES

## AMSTERDAM

CROSSROADS INTERNATIONAL  
Church International and Evangelical Sunday Service 10:30 a.m. & 1:30 p.m. 1000 Wilhelmsdijk 5, S. Amsterdam. Tel: 020-641 8212 or 020-641 8213

## BERLIN

BERLIN Int'l Church (Evangelical) Sunday services: 10:30 a.m. Hotel Metropol, Kurfürstendamm 47, Ploetz 11, Postbox 10194. Tel: +49 30 343 70 91 fax: +49 30 343 70 92

## FRANKFURT

St. Leonhard, International Catholic Parish, Alte Mainzer Gasse 9, 60311 Frankfurt. Tel: 069 251177 or J. Schatz@evangelist-union.de

## PARIS AND SUBURBS

EMMANUEL BAPTIST CHURCH 35, rue des Bains-Régents, 75008 Paris. Tel: 01 47 51 29 8001 or 01 47 51 29 8002. Fax: 01 47 51 29 8003. E-mail: emmanuel@emmanuel-paris.org

SAINT JOSEPH'S CHURCH (Roman Catholic) MASS IN ENGLISH Sat. 11:30 a.m. & 8:30 p.m. Sun. 9:30 a.m. & 10:30 a.m. 50 rue Victor, Paris 16. Tel: 01 42 27 26 56. Météo Charles de Gaulle - Ecole

HOPE INTERNATIONAL CHURCH Hotel Chateaux de Paris La Defense, 9 Bd de Neuilly. Tel: 01 47 51 29 8001 or 01 47 51 29 8002. Fax: 01 47 51 29 8003. E-mail: emmanuel@emmanuel-paris.org

## CANNES

HOLY TRINITY, rue du Carreau (behind the Cathedral), 06100 Cannes. Tel: 04 93 94 51 61. Chaplain: Ian Barclay

## THE EPISCOPAL CHURCHES OF EUROPE (Anglican)

PARIS  
THE AMERICAN CATHEDRAL OF THE HOLY TRINITY, 3 rue de la Harpe, 75001 Paris. Tel: 01 47 51 29 8001 or 01 47 51 29 8002. Fax: 01 47 51 29 8003. E-mail: emmanuel@emmanuel-paris.org

## CLERMONT-FD (FRANCE)

CHRIST CHURCH (Protestant) 1st & 3rd Sun 10 a.m. & 11:30 a.m. 2nd & 4th Sun 10 a.m. & 11:30 a.m. 3rd & 5th Sun 10 a.m. & 11:30 a.m. 14100 Clermont-Fd. Tel: 04 71 61 14 94

## FLORENCE

ST JAMES' CHURCH, Sun. 9 & 11 a.m.; in Italian Thu 9 p.m. Via B. Paoletti 8, 50123 Florence, Italy. Tel: 055 294 417

## ROME

ST PAUL'S WITHIN THE WALLS, Sun. 10:30 a.m. & 1:30 p.m. 1000 Wilhelmsdijk 5, S. Amsterdam. Tel: 020-641 8212 or 020-641 8213

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ANGELICAN EPISCOPAL COMMUNITY 1st and 3rd Sunday 5 p.m. in chapel of Lauenstein, Karlsruhe 24. Tel: 07 721 283 79 or 07 721 40 15 95

## BRUCKMUEHL (GERMANY)

ANGELICAN EPISCOPAL COMMUNITY, 1st and 3rd Sunday 5 p.m. in chapel of Lauenstein, Karlsruhe 24. Tel: 07 721 283 79 or 07 721 40 15 95

## MUNICH

CHURCH OF THE ASCENSION, Sun. 10:30 a.m. & 11:45 a.m. (Sun School) Newbury Southgate 4, 81545 Munich (Postbox 12). Tel: 089 664 0125

## FRANKFURT

CHRIST THE KING Episcopal St. 8 11 a.m. & 8:30 p.m. Sun. 9:30 a.m. & 10:30 a.m. 50 rue Victor, Paris 16. Tel: 01 42 27 26 56. Météo Charles de Gaulle - Ecole

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ALL SAINTS' CHURCH, Sun. 11:15 a.m. & 8:30 p.m. Sun. 9:30 a.m. & 10:30 a.m. 50 rue Victor, Paris 16. Tel: 01 42 27 26 56. Météo Charles de Gaulle - Ecole

## DARMSTADT (GERMANY)

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U.L.C., World Trade Center 35, Doherty Tower Bldg, 8th Floor, 1100 Wilhelmsdijk 5, S. Amsterdam. Tel: 020-641 8212 or 020-641 8213

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## ST PAUL DE VENCE - FRANCE

St Paul de Vence-France U.L.C. Espace St. Charles 171 Bldg Study Sun 8:30. Tel: 04 93 24 32 51

## PRAGUE

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## ZURICH - SWITZERLAND

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## ZURICH

INTERNATIONAL Protestant Church English speaking, weekly services, Sunday School & Nursery, Sundays 11:30am. Tel: 0041 1 481 0019

## UNITARIAN UNIVERSALIST

UNITARIAN UNIVERSALIST Fellowship of Faith, Sunday service, 12 noon, April 11, Foyer de l'Ami, 7 Bd. des Capucines, Paris 10, Metro Bastille. Tel: 01 47 51 29 8001 or 01 47 51 29 8002

## EUROPE

UNITARIAN UNIVERSALIST Fellowship of Faith, Sunday service, 12 noon, April 11, Foyer de l'Ami, 7 Bd. des Capucines, Paris 10, Metro Bastille. Tel: 01 47 51 29 8001 or 01 47 51 29 8002

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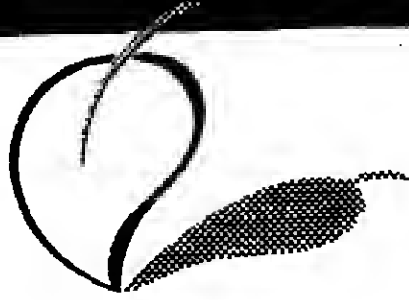
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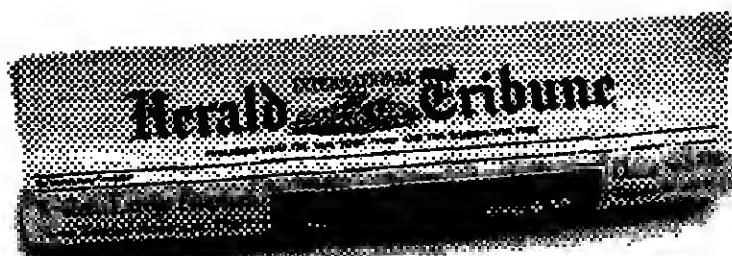
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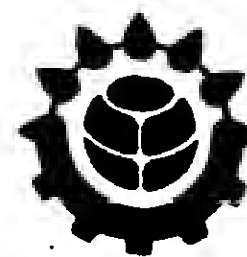
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## Icahn's Magic: Transforming Bad to Better

By Aline Sullivan

**C**ARL ICAHN'S current portfolio is the stuff of other investors' nightmares: RJR Nabisco Holdings Corp.; Philip Services Corp.; American Real Estate Partners LP, all companies with enough problems to make most people wake up screaming, or at least set them to grinding their teeth.

Mr. Icahn owns huge stakes in all three as well as in some smaller companies, including National Energy Group Inc., and Cadus Pharmaceutical Corp. Even with his dubious portfolio, the 62-year-old corporate raider ranks as one of the richest people in the United States (72d, according to Forbes magazine which estimated his net worth in October at \$2.6 billion). How does he do it? By wrestling the best outcome for himself in any deal, no matter how sour.

Consider his Internet travel agency, Lowestfare.com. Business is thriving, and the company is planning an initial public offering. It is successful but hardly unique. But there's more to it than that. Although it has travel alliances with other airlines, Lowestfare.com's big advantage is that it is able to unload the roughly \$600 million worth of Trans World Airline tickets owned by Mr. Icahn.

He bought them at about half that price following his departure from the airline that he ran between 1985 and 1993. American Real Estate may provide grounds for another neat trick. Shares in the company jumped when Mr. Icahn proposed in November to buy most of its publicly held stock for \$10.50, well above the \$7.25 it fetched at the time. Not surprisingly, the offer was greeted by the shareholders with enthusiasm. Analysts pointed out that the company's assets are worth far more, say \$18 a share.

**T**HE STOCK is heading Mr. Icahn's way, however, shares were priced at nearly \$8 in Friday trading. Even Philip Services may turn out right, though that looks like a long shot. Mr. Icahn has a lot at stake: a \$50 million investment in stocks and bonds of the Canadian industrial waste concern, which has been harmed by unauthorized copper trading and restructuring costs and now faces enormous environmental liabilities. Many analysts believe that it will either be restructured or collapse. Mr. Icahn, not surprisingly, is betting on a successful restructuring. In the interim, however, Mr. Icahn is



**Carl Icahn**  
Major holdings:  
RJR Nabisco  
Philip Services  
Lowestfare.com  
American Real Estate  
National Energy Group

busy doing battle with RJR Nabisco's board. He has approved the company's plans to sell its international tobacco business to Japan Tobacco for \$7.8 billion but out of its plans to spin off the food business into a separate company. Instead, he wants to spin off the tobacco business. With that aim in mind, he has pledged a proxy fight at the May 12 annual meeting.

The difference is more than semantics. After the sale of its international tobacco operations, RJR Nabisco will own the domestic tobacco business and just over 80 percent of the food company, Nabisco Holdings Corp. The rest of Nabisco was previously sold to the public and now trades on the stock market.

If RJR Nabisco were to give the remainder of the food company to its investors, that would sever the link to the domestic RJR Reynolds tobacco business, which faces the threat of substantial health-related liabilities from smokers.

The company's plan would allow winners of judgments against RJR Reynolds to go after assets of RJR Nabisco if the tobacco company were to go bankrupt.

The RJR Nabisco chairman, Steven Goldstone, last month dismissed Mr. Icahn's challenge, his second in two years, as a "rite of spring" and warned that his plans would expose the company to even more litigation threats than it currently faces.

Few analysts expect Mr. Icahn to win control of RJR Nabisco. Even so, he will probably emerge a winner on the investment front. A Salomon Smith Barney analyst, Martin Feldman, said he expected RJR's stock to rise about 30 percent in the next six months.

## Investing With Raiders: Ebner Muscles In

By Sharon Reier

**W**ITH HIS signature bow tie, audacious manner and a reputation for fighting for shareholders against the complacent Swiss corporate establishment, Martin Ebner is widely known as a maverick financier.

But these days Mr. Ebner seems as much an insider in Swiss corporate affairs as an outsider. He is a director of ABB Asea Brown Boveri Ltd., the Swiss-Swedish construction and power generation company, by virtue of his 13 percent voting interest. Now he appears about to take the helm of Alstom Lenz Group AG, the Swiss aluminum, chemicals and packaging company that last week abandoned an attempt to merge with VIAG AG, a German industrial concern.

Mr. Ebner grabbed worldwide attention in the mid-1990s when he battled the management of Union Bank of Switzerland, the forerunner of UBS AG.

So flamboyant was his behavior in Switzerland's normally discreet financial community that one financial magazine offered a \$32,000 award to whoever correctly guessed how many proxy votes Mr. Ebner could win in his fight against the bank over shareholder voting rights. Perturbed by his behavior, UBS management had tried to reduce the voting rights of his shares.

Mr. Ebner lost the battle but won the war. Late in 1997, after Union Bank of Switzerland and Swiss Bank Corp. announced their plan to merge into Europe's largest bank, shares in one of Mr. Ebner's investment vehicles, BK Vision AG, doubled from their level at the start of the year.

**L**ATER, however, the stock was punished in the market upset that followed the Russian debt default last summer. After rising to a record close of 453 Swiss francs (\$305) on July 31, BK Vision fell to a low of 148 on Oct. 5. It has since recovered to 338 francs, above the 290 level it reached at the time of the bank merger announcement.

Mr. Ebner also heads BZ Group Holding, BZ Bank Zurich, a private bank, and BZ Trust AG, which manages four exchange-listed investment companies for private and institutional funds: Pharma Vision 2000 AG; BK Vision AG; Gas Vision AG and Stillhalter Vision AG. The four funds are estimated to be worth more than 13.5 billion Swiss francs (\$9.09 billion), and Mr. Ebner's personal fortune is believed to be in excess of 2 billion francs.

How much restructuring Mr. Ebner initiates "is a topic of a lot of discussions," commented Christoph Roeder, who follows Asea Brown Boveri for Credit Suisse First Boston.



**Martin Ebner**  
Major holdings:  
ABB Asea Brown Boveri  
Algroup  
UBS  
HSBC  
Nestle

"Every call that I get on ABB starts and it ends with the question of how much is Mr. Ebner influencing it."

In March, ABB announced a restructuring that will bind its power generation division with Alstom SA of France, a move that analysts estimated would double its operating margin in a competitive marketplace with a lot of overcapacity. The company has also said it would restructure its complex four-tier share system to a single unified share, a move Mr. Ebner claimed could raise the stock's value by 20 percent.

Many of BZ Group's investments are in the pharmaceuticals and financial sectors, areas where there have been recent merger activity recently.

A spokesman for Mr. Ebner denied the group occasionally seeks to restructure the companies in which it invests. "Basically our investment philosophy is always the same," explained Kurt Schiltknecht, BZ Group director and former Swiss National Bank economist.

He added, "We are looking for financially sound companies and we are looking at good management and a clear

strategy. Of course, we are also saying that the world is changing. You always have new elements. We like companies which can adjust to new developments quickly and can restructure."

If BZ Group does not take credit for these restructurings, it is pleased with the results. Mr. Schiltknecht said: "The old boy's network has fallen apart in Switzerland, and that is good for the economy." Madeleine Hofmann, banking analyst for Credit Suisse FB in Zurich, added, "He supports these kinds of deals as long as they are value creating."

BZ Group's funds are guided toward long-term performance, said Mr. Schiltknecht. "We normally say when we buy something, we buy it forever. We have held Roche in our portfolio since 1991. We are looking for companies for our inheritance, so to speak. We like to view ourselves like an entrepreneur. If you look around the world, the really rich people are entrepreneurs."

**W**HILE MR. EBNER'S group is mostly active in Switzerland, it has been moving abroad. Last summer, when turbulence in Asia and Russia bled out shares of financial companies, BK Vision initiated a position in HSBC Holdings PLC, the parent of Hongkong & Shanghai Bank. "HSBC views the banking problems in these countries as an opportunity," read the latest annual report from BK Vision. "HSBC has plenty of experience in taking over banks in need of restructuring."

Indeed, HSBC was trading Friday at 270 Hong Kong dollars (\$34.84), up from as low as 132 in September.

Other portfolio holdings include the drug makers Roche Holding Ltd., Hoechst AG and Glaxo Wellcome PLC; Credit Suisse Group; Swiss Reinsurance Co.; the gas companies AGA AB of Sweden and BOC PLC of Britain; the Swiss real estate company Intershop Holdings AG; and Nestle SA.

A recent investment in a mid-cap Swiss textiles machinery maker, Rieter Holding AG, has analysts scanning the horizon for signs of restructuring. There have been rumors of a merger with Saurer AG, a domestic competitor, but any action may be slowed since Rieter places a voting limit of 3 percent on any one shareholder or group of shareholders. Mr. Ebner was last reported to own

21.47 percent of the shares. Michael Krinner, a portfolio manager at Bank fuer Handel & Effekten in Zurich, said, "When there are rumors that he is buying or he is selling, people try to jump on the bandwagon."

There are two reasons. One reflects short-term investors seeking to profit as Mr. Ebner's interest becomes known. Medium- and long-term investors, meanwhile, expect a shakeup. "When he is an investor, it is believed he is going to set management under pressure to increase shareholder value, so it becomes a self-fulfilling prophecy. He is the Swiss Warren Buffett," said Mr. Krinner.

Yet Mr. Ebner's group does not approve every restructuring plan. After Stillhalter Vision took a shareholding in Alstom Lenz, the market expected a shakeup to ensue. They were not disappointed: In November, Algroup, as it is known, said it would merge with VIAG, a German electric-utility-based conglomerate.

But Mr. Ebner and other investors felt they were getting a raw deal after VIAG sought to alter the terms of the merger agreement. VIAG AG wanted to give its shareholders a bigger stake in the merged company than originally planned after an audit gave it a surprisingly large valuation.

Egged on by its major shareholders, with the backing of Mr. Ebner, Algroup refused to change the terms of the merger, and it eventually fell through. Now there is talk that Mr. Ebner, who was proposed for chairman of the board of the combined company, will head Algroup while it assesses its future.

One possibility is that it will merge with EMS-Chemie Holding AG, a chemical company whose chairman is Christoph Blocher, a national member of Parliament and business ally of Mr. Ebner. In fact, Mr. Blocher, who sat on the Pharma Vision board until recently, often invests in the same companies as Mr. Ebner, so EMS is a kind of proxy for BK Vision.

For further information:

• BZ GROUP HOLDING: www.bzgroup.ch

## Edelman Returns With a Continental Accent

**A**FTER a seven-year sabbatical from the takeover wars of the 1980s, during which he managed an art museum in Switzerland, Asher Edelman returned to investment management in 1995. Now a Swiss resident, he runs the Luxembourg-based Edelman Value Fund Ltd. and Edelman Value Partners out of New York. The funds, with a combined value of \$200 million, focus on hard assets such as real estate that are not reflected in companies' share prices. Currently, 46 percent of their net-asset value is represented by French and Swiss stocks.

As befits a man who once taught a course at Columbia University called "Corporate Raiding: The Art of War," Mr. Edelman is an active investor. "Our role is to make things happen," he said. "We try to find companies where real asset values are substantially greater than share price and try to take a position and actively try to work with management to change the allocation of assets."

So far, his tactics have worked. Over the past three years the Edelman Value Fund's average annual return has been 30 percent.

Among the European holdings in the Edelman Value Fund are: Baumgartner Papiers SA, a Swiss maker of cigarette filters and specialty wrapping for chocolate boxes; an unidentified Swiss property company; and Taittinger SA, the champagne maker that owns more than half the voting rights in the Societe de Louvre SA conglomerate. He also has a direct position in Societe du Louvre, which owns luxury hotels, including the Crillon in Paris; Baccarat Crystal; and the Grand Vefour Restaurant in Paris.

Mr. Edelman said he favored French and Swiss stocks these days because "Europe is at a good place in the cycle. In the U.S., the reallocation of assets from less productive to more productive has been pushed forward over the last 15 years," he stated.

By contrast in Europe, he said, "There are lots and lots of very old companies which are not selling at high multiples of earnings and cash flow which have vast asset bases and those asset bases are not reflected in the financial reporting."

While the reporting of major multinational Swiss companies may have evolved toward international standards, Mr. Edelman noted, many mid-size companies have not followed the trend. "For example, he said, 'you don't have to mark the value of your real estate up [as its market price increases] in any country. In Switzerland and France,' he added, 'there are hundreds of old companies with hundreds of years of real



**Asher Edelman**  
Major holdings:  
Baumgartner Papiers  
Taittinger  
Societe du Louvre  
California Coastal Communities  
ESC Medical Systems

estate holdings valued at nothing."

Edelman recently made a profit investing in Compagnie Fonciere FIDEI, which leases warehouses and office buildings and had AXA SA as its largest investor. The big French insurer has been disposing of noncore investments, and FIDEI was no exception. "We bought the stock between 30 and 40 francs and kicked out of it at about 60 shortly before it was sold to Leucadia National," said Stephen McAllister, who works for Edelman Value Fund in Geneva.

Another property investment that proved profitable: Chicago Dock & Canal Trust, a real estate investment trust that owned the largest parcel of undeveloped land in downtown Chicago. Mr. Edelman's researchers estimated the value of the land was over \$20 per share, about double its \$10 price. "Some 40 percent of the shares were owned by value investors — many of whom I know," he said. "I began to talk to management. We said we would be willing to buy this company for \$20 per share. Management brought in Lehman Brothers, and we knew the real estate people at Lehman Brothers and they recommended to the company that it put itself up for sale, and ultimately it went for \$25 per share."

Mr. Edelman also has a position in California Coastal Communities Inc., which owns a large piece of oceanfront

property near Irvine. He called it "the last piece of developable residential property in Southern California."

"I am not doing anything very activist because it is in the midst of various green issues," he said. "We bought preferred stock and they were doing a restructuring and we campaigned to get the preferred converted at more than the offered price. We have stayed in touch with management. We think we are looking at a double or a triple there."

Not all Mr. Edelman's choices are based on real estate. He also looks for companies selling below the value of their assets if those assets were to be sold to the "highest and most efficient buyer."

**T**HAT, he said, was the case with ESC Medical Systems Ltd., an Israeli medical laser company. Due to what he called "temporary problems which are solvable" the company's Nasdaq-listed shares were selling at just four times their cash flow, measured as earnings before interest, tax, depreciation and amortization. Mr. Edelman estimated that even a buyout group would pay eight times the earnings before interest, tax, depreciation and amortization. Another company would likely pay more, and ESC has hired a financial adviser to help it evaluate its options.

If management fails to heed Mr. Edelman's gentler nudges, things may grow hostile, a legacy of his 1980s takeover tactics. Companies including Burlington Industries Inc., Morse Shoe Inc. and Telex were thrown into the arms of other suitors, often at a substantial profit.

Things reached that pitch in France last year after Mr. Edelman made three offers to the controlling shareholders of Societe du Louvre. Mr. Edelman maintained that the Taittinger family was giving itself "privileges" and "benefits" that were not otherwise available to shareholders. "We are still fighting a court battle," said Mr. Edelman who is still accumulating shares in both Societe du Louvre and Taittinger although the share prices have risen substantially.

So far, the well-connected Taittinger family has kept Mr. Edelman at bay. But Mr. Edelman is not giving up. He said: "There is an old generation of connections and a younger generation of connections that sees them as extremely silly. The laws and interpretations have changed radically in France because of the need for international capital."

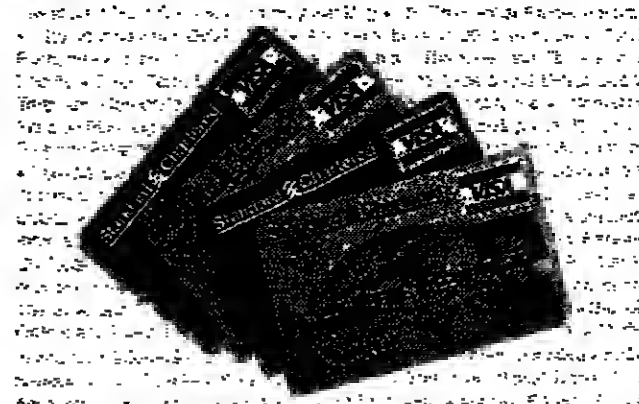
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## THE MONEY REPORT

## Restructuring Craze Sweeps Japan

By Miki Tanikawa

THE NEWEST buzzword in the Japanese stock market is *risutora*, or restructuring, and the mere sound of it has been music to investors' ears. The announcement that a company is planning to restructure its operations or cut costs has been enough to send its stock price aloft, and a recent spate is partly responsible for the more-than-20 percent rise in the Nikkei stock average so far this year.

Yet while analysts say there is more substance behind most of the announcements than past promises, not every pledge of corporate change is a guarantee of enhanced profits.

Among the giant corporations that have pledged to reduce their unused manufacturing capacity, refocus their businesses and trim as much as 10 percent of their work forces have been Mitsubishi Electric Corp., Sony Corp. and Toshiba Corp. The trend is spreading like wildfire as retailers like Dai-ichi and Mitsuoka Ltd., and trading houses such as Marubeni Corp. and Sumitomo Corp. join the pack.

"Previously," said Erol Emed, manager of the quantitative group at SG Yamaichi Asset Management Co., "you had *taiamei* [superficial] restructuring. They said they were restructuring but it wasn't something to be taken seriously, in terms of increasing efficiency or profits. You have now more serious restructuring, either through mergers or serious business plans."

This is good news for an economy in which assets have been misallocated to unprofitable uses. One telling example is the recent decision by Nissio Iwai Corp. to sell its 50 percent stake in the big online service provider Nifty Co. to its owner, Fujitsu Ltd. This will allow Fujitsu to pursue its main computer-related business while supplying Nissio Iwai, a beleaguered trading company, with much needed cash to cut its debt load. "That was an important step for both companies," said Mr. Emed.

Japanese Restructurings	
Company	Restructuring
Mitsubishi Electric	March 18
Sony	March 18
Toshiba	March 18
Dai-ichi Kangaro	March 18
Mitsuoka	March 18
Marubeni	March 18
Sumitomo	March 18

Fujitsu's stock jumped more than 25 percent on the news. Nissio Iwai is up more than 40 percent this year, though its rise came when it announced other restructuring measures earlier in March.

Some observers, however, find the current market reaction overdone. "Restructuring has become such a buzzword," said Masaki Abe, chief investment officer at Pictet Suisse Asset Management (Japan) Ltd. "Now, if you post any restructuring plan, stocks go up."

For many companies, profit growth is out in sight for a year or two as investors are buying on the fuzzy hope that today's corporate restructuring will translate into tomorrow's improved results, said Mr. Abe. There also is a sense of déjà vu, he added, on the part of foreign investors, who have been the force behind the latest rally. Overseas investors think — or hope — the Japanese experience will echo that of the United States, where stocks have been levitating in part because of corporate cost-cutting earlier this decade.

Sony Corp. is typical. Its shares are up 20 percent since early March after it announced it would eliminate 10 percent of its work force, or about 17,000 jobs, and close 15 factories around the world. That followed the company's preview of its new game console, PlayStation II, which can produce movie-quality digital images and connect users to the Internet and a personal computer. It also can play music and movies.

But Koichiro Chiyawa, an analyst at Nikko Salomon Smith Barney, said the moves would not add profit anytime soon. "Sony's reorganization plan and

the next-generation PlayStation sound neat, but major earnings recovery is not in sight until fiscal 2001." He predicted the stock would fall from its current level of 12,360 to 9,000.

A concern to skeptical investors is lack of managers' resolve to boost capital efficiency and devise plans to increase future cash flows. "I don't see restructuring in the real sense of the word," said Noriyuki Fujiwara, director of Japanese equity at Credit Suisse Asset Management Ltd. in Tokyo. "You have to distinguish between restructuring and cost-cutting."

A more immediate worry lies in enacting reorganization plans. "The risk for NEC is whether they can actually implement their restructuring plan," said Mr. Abe. He said paternalism and bureaucracy were the rule at NEC, which would make it difficult for the company to cut the 15,000 jobs, or 10 percent of its staff, that it said it would jettison in February. If companies such as NEC do not follow through on their plans, investors could stampede out of the market as quickly as they rode in.

MR. FUJIWARA is particularly concerned about NEC. "The market probably overreacted, absent the company's genuine shift toward investor-orientedness," he said. Mr. Abe has decided to let go 10 percent of its work force, but its wage and employee benefit costs will likely rise 10 percent over the next three years undoing any good it may have just done.

Mr. Abe of Pictet said that for investors the trick was to find companies that practice "real" restructuring, such as Fujitsu Ltd., and Takeda Chemical Industries Ltd. These firms are models of what restructuring should be.

Takeda unveiled a bold plan for restructuring in 1995, announcing a staff cut of 31 percent over the course of 10 years, at a time the drug maker was backing in record profits. It also divided itself into individual profit centers to raise managers' awareness of earnings. Takeda, which is expanding abroad while scaling back domestically, is committed to constant change to reflect the market's demand, said Mr. Abe. He predicted average earnings growth of 18 percent over the next three years.

## BRIEFCASE

## Growing Allure Of Growth Stocks

You cannot blame value investors for giving up on the philosophy of buying stocks when their prices are low relative to their earnings, assets and dividends. For the past several years, their results have been dismal when compared with returns on companies that are prized for their potential to deliver strong growth.

Each year, Deloitte Touche Tomatsu and the World Economic Forum's World Link magazine compile a list of the

200 fastest-growing companies in the world. The rankings are based on compound annual revenue growth at more than 30,000 companies, and the data also take into account total return to shareholders and job creation.

Top honors this year went to Eidos PLC, a British video and entertainment software company. It was followed by Automation Inc., the car retailer that until last week was known as Republic Industries Inc. It is run by Wayne Hoizenga who has already created and sold such blockbuster companies as Waste Management Inc. and Blockbuster Video.

In third place was Elektor SA, a Brazilian maker of chemicals and fertilizers, and it was followed by an all-American list of Rainforest Cafe Inc., Boeing Co., Applied Cellular Technology Inc., Hewlett-Packard Co., Transmontaine Inc., Citigroup and Cadiz Inc.

Investors who followed the top picks on the list last year

would have done well. Based on total return to shareholders for the 12 months ending March 31, last year's leader, Intel Corp., was up 52 percent. No. 2 Compaq Computer Corp. gained 23 percent and the third-place company, Home Depot Inc., was a pleasant 85 percent higher.

WORLD LINK MAGAZINE, For information on the website at [www.worldlinkmagazine.com](http://www.worldlinkmagazine.com), call 1-800-778-8721 or fax 415-778-8721.

## Amplification

The tables that accompanied last week's articles about American depositary receipts mentioned but did not explain

sponsored ADRs. Sponsored ADRs are created with the participation of the company whose shares are being sold in the U.S. market. A company that sponsors its ADRs pays a portion of the expenses involved in creating the receipts and maintaining the program.

Unsponsored ADRs are created by depositary banks in response to perceived investor demand. Generally, they offer fewer shareholder services than sponsored ADRs.

Elsewhere in the tables, the dividend yield for Glaxo Wellcome PLC's London shares was misstated. It should have been 1.85 percent.

## Many Retirees Spoil the Soup

By Alexa Olesen

WHEN it comes to retirement, there is no safety in numbers. According to analysts at Morgan Stanley Dean Witter & Co., if you want to maximize the value of your investments, you should be the only retired person in a place where everybody else is still working.

Among the big economies, this is bad news for Italy and Japan, which have relatively large portions of their population approaching retirement age, Morgan Stanley said. The United States is the most sheltered from the trend in the Group of Seven.

There are two things to consider. For those already retired, the value of their savings will be diminished if they are surrounded by others who have withdrawn from the work force. All the retirees will be competing to buy goods and services from an economy with a small work force. That will tend to raise prices, the Morgan analysts said.

The United Nations has calculated that retirees could rise to as much as 70 percent in Japan and 55 percent in Italy, compared with levels of 20 percent or below in many developed countries at the start of the 1970s. The United States, by contrast, is expected to have a relatively benign ratio of about 35 percent.

A related concern is for those investing in securities in economies that are top-heavy with retirees. As growing sections of the world's populations cease to work yet continue to consume, many countries will experience a shortage of goods and services and therefore inflation. The Morgan Stanley analysts predicted that countries with relatively large retired populations and small work forces will see the value of their equities diminish over time.

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April 9, 1999

301 ARABIC BANK (B.C.)	122.50	302 ARABIC BANK (B.C.)	122.50	303 ARABIC BANK (B.C.)	122.50	304 ARABIC BANK (B.C.)	122.50	305 ARABIC BANK (B.C.)	122.50	306 ARABIC BANK (B.C.)	122.50	307 ARABIC BANK (B.C.)	122.50	308 ARABIC BANK (B.C.)	122.50	309 ARABIC BANK (B.C.)	122.50	310 ARABIC BANK (B.C.)	122.50	311 ARABIC BANK (B.C.)	122.50	312 ARABIC BANK (B.C.)	122.50	313 ARABIC BANK (B.C.)	122.50	314 ARABIC BANK (B.C.)	122.50	315 ARABIC BANK (B.C.)	122.50	316 ARABIC BANK (B.C.)	122.50	317 ARABIC BANK (B.C.)	122.50	318 ARABIC BANK (B.C.)	122.50	319 ARABIC BANK (B.C.)	122.50	320 ARABIC BANK (B.C.)	122.50	321 ARABIC BANK (B.C.)	122.50	322 ARABIC BANK (B.C.)	122.50	323 ARABIC BANK (B.C.)	122.50	324 ARABIC BANK (B.C.)	122.50	325 ARABIC BANK (B.C.)	122.50	326 ARABIC BANK (B.C.)	122.50	327 ARABIC BANK (B.C.)	122.50	328 ARABIC BANK (B.C.)	122.50	329 ARABIC BANK (B.C.)	122.50	330 ARABIC BANK (B.C.)	122.50	331 ARABIC BANK (B.C.)	122.50	332 ARABIC BANK (B.C.)	122.50	333 ARABIC BANK (B.C.)	122.50	334 ARABIC BANK (B.C.)	122.50	335 ARABIC BANK (B.C.)	122.50	336 ARABIC BANK (B.C.)	122.50	337 ARABIC BANK (B.C.)	122.50	338 ARABIC BANK (B.C.)	122.50	339 ARABIC BANK (B.C.)	122.50	340 ARABIC BANK (B.C.)	122.50	341 ARABIC BANK (B.C.)	122.50	342 ARABIC BANK (B.C.)	122.50	343 ARABIC BANK (B.C.)	122.50	344 ARABIC BANK (B.C.)	122.50	345 ARABIC BANK (B.C.)	122.50	346 ARABIC BANK (B.C.)	122.50	347 ARABIC BANK (B.C.)	122.50	348 ARABIC BANK (B.C.)	122.50	349 ARABIC BANK (B.C.)	122.50	350 ARABIC BANK (B.C.)	122.50	351 ARABIC BANK (B.C.)	122.50	352 ARABIC BANK (B.C.)	122.50	353 ARABIC BANK (B.C.)	122.50	354 ARABIC BANK (B.C.)	122.50	355 ARABIC BANK (B.C.)	122.50	356 ARABIC BANK (B.C.)	122.50	357 ARABIC BANK (B.C.)	122.50	358 ARABIC BANK (B.C.)	122.50	359 ARABIC BANK (B.C.)	122.50	360 ARABIC BANK (B.C.)	122.50	361 ARABIC BANK (B.C.)	122.50	362 ARABIC BANK (B.C.)	122.50	363 ARABIC BANK (B.C.)	122.50	364 ARABIC BANK (B.C.)	122.50	365 ARABIC BANK (B.C.)	122.50	366 ARABIC BANK (B.C.)	122.50	367 ARABIC BANK (B.C.)	122.50	368 ARABIC BANK (B.C.)	122.50	369 ARABIC BANK (B.C.)	122.50	370 ARABIC BANK (B.C.)	122.50	371 ARABIC BANK (B.C.)	122.50	372 ARABIC BANK (B.C.)	122.50	373 ARABIC BANK (B.C.)	122.50	374 ARABIC BANK (B.C.)	122.50	375 ARABIC BANK (B.C.)	122.50	376 ARABIC BANK (B.C.)	122.50	377 ARABIC BANK (B.C.)	122.50	378 ARABIC BANK (B.C.)	122.50	379 ARABIC BANK (B.C.)	122.50	380 ARABIC BANK (B.C.)	122.50	381 ARABIC BANK (B.C.)	122.50	382 ARABIC BANK (B.C.)	122.50	383 ARABIC BANK (B.C.)	122.50	384 ARABIC BANK (B.C.)	122.50	385 ARABIC BANK (B.C.)	122.50	386 ARABIC BANK (B.C.)	122.50	387 ARABIC BANK (B.C.)	122.50	388 ARABIC BANK (B.C.)	122.50	389 ARABIC BANK (B.C.)	122.50	390 ARABIC BANK (B.C.)	122.50	391 ARABIC BANK (B.C.)	122.50	392 ARABIC BANK (B.C.)	122.50	393 ARABIC BANK (B.C.)	122.50	394 ARABIC BANK (B.C.)	122.50	395 ARABIC BANK (B.C.)	122.50	396 ARABIC BANK (B.C.)	122.50	397 ARABIC BANK (B.C.)	122.50	398 ARABIC BANK (B.C.)	122.50	399 ARABIC BANK (B.C.)	122.50	400 ARABIC BANK (B.C.)	122.50	401 ARABIC BANK (B.C.)	122.50	402 ARABIC BANK (B.C.)	122.50	403 ARABIC BANK (B.C.)	122.50	404 ARABIC BANK (B.C.)	122.50	405 ARABIC BANK (B.C.)	122.50	406 ARABIC BANK (B.C.)	122.50	407 ARABIC BANK (B.C.)	122.50	408 ARABIC BANK (B.C.)	122.50	409 ARABIC BANK (B.C.)	122.50	410 ARABIC BANK (B.C.)	122.50	411 ARABIC BANK (B.C.)	122.50	412 ARABIC BANK (B.C.)	122.50	413 ARABIC BANK (B.C.)	122.50	414 ARABIC BANK (B.C.)	122.50	415 ARABIC BANK (B.C.)	122.50	416 ARABIC BANK (B.C.)	122.50	417 ARABIC BANK (B.C.)	122.50	418 ARABIC BANK (B.C.)	122.50	419 ARABIC BANK (B.C.)	122.50	420 ARABIC BANK (B.C.)	122.50	421 ARABIC BANK (B.C.)	122.50	422 ARABIC BANK (B.C.)	122.50	423 ARABIC BANK (B.C.)	122.50	424 ARABIC BANK (B.C.)	122.50	425 ARABIC BANK (B.C.)	122.50	426 ARABIC BANK (B.C.)	122.50	427 ARABIC BANK (B.C.)	122.50	428 ARABIC BANK (B.C.)	122.50	429 ARABIC BANK (B.C.)	122.50	430 ARABIC BANK (B.C.)	122.50	431 ARABIC BANK (B.C.)	122.50	432 ARABIC BANK (B.C.)	122.50	433 ARABIC BANK (B.C.)	122.50	434 ARABIC BANK (B.C.)	122.50	435 ARABIC BANK (B.C.)	122.50	436 ARABIC BANK (B.C.)	122.50	437 ARABIC BANK (B.C.)	122.50	438 ARABIC BANK (B.C.)	122.50	439 ARABIC BANK (B.C.)	122.50	440 ARABIC BANK (B.C.)	122.50	441 ARABIC BANK (B.C.)	122.50	442 ARABIC BANK (B.C.)	122.50	443 ARABIC BANK (B.C.)	122.50	444 ARABIC BANK (B.C.)	122.50	445 ARABIC BANK (B.C.)	122.50	446 ARABIC BANK (B.C.)	122.50	447 ARABIC BANK (B.C.)	122.50	448 ARABIC BANK (B.C.)	122.50	449 ARABIC BANK (B.C.)	122.50	450 ARABIC BANK (B.C.)	122.50	451 ARABIC BANK (B.C.)	122.50	452 ARABIC BANK (B.C.)	122.50	453 ARABIC BANK (B.C.)	122.50	454 ARABIC BANK (B.C.)	122.50	455 ARABIC BANK (B.C.)	122.50	456 ARABIC BANK (B.C.)	122.50	457 ARABIC BANK (B.C.)	122.50	458 ARABIC BANK (B.C.)	122.50	459 ARABIC BANK (B.C.)	122.50	460 ARABIC BANK (B.C.)	122.50	461 ARABIC BANK (B.C.)	122.50	462 ARABIC BANK (B.C.)	122.50	463 ARABIC BANK (B.C.)	122.50	464 ARABIC BANK (B.C.)	122.50	465 ARABIC BANK (B.C.)	122.50	466 ARABIC BANK (B.C.)	122.50	467 ARABIC BANK (B.C.)	122.50	468 ARABIC BANK (B.C.)	122.50	469 ARABIC BANK (B.C.)	122.50	470 ARABIC BANK (B.C.)	122.50	471 ARABIC BANK (B.C.)	122.50	472 ARABIC BANK (B.C.)	122.50	473 ARABIC BANK (B.C.)	122.50	474 ARABIC BANK (B.C.)	122.50	475 ARABIC BANK (B.C.)	122.50	476 ARABIC BANK (B.C.)	122.50	477 ARABIC BANK (B.C.)	122.50	478 ARABIC BANK (B.C.)	122.50	479 ARABIC BANK (B.C.)	122.50	480 ARABIC BANK (B.C.)	122.50	481 ARABIC BANK (B.C.)	122.50	482 ARABIC BANK (B.C.)	122.50	483 ARABIC BANK (B.C.)	122.50	484 ARABIC BANK (B.C.)	122.50	485 ARABIC BANK (B.C.)	122.50	486 ARABIC BANK (B.C.)	122.50	487 ARABIC BANK (B.C.)	122.50	488 ARABIC BANK (B.C.)	122.50	489 ARABIC BANK (B.C.)	122.50	490 ARABIC BANK (B.C.)	122.50	491 ARABIC BANK (B.C.)	122.50	492 ARABIC BANK (B.C.)	122.50	493 ARABIC BANK (B.C.)	122.50	494 ARABIC BANK (B.C.)	122.50	495 ARABIC BANK (B.C.)	122.50	496 ARABIC BANK (B.C.)	122.50	497 ARABIC BANK (B.C.)	122.50	498 ARABIC BANK (B.C.)	122.50	499 ARABIC BANK (B.C.)	122.50	500 ARABIC BANK (B.C.)	122.50	501 ARABIC BANK (B.C.)	122.50	502 ARABIC BANK (B.C.)	122.50	503 ARABIC BANK (B.C.)	122.50	504 ARABIC BANK (B.C.)	122.50	505 ARABIC BANK (B.C.)	122.50	506 ARABIC BANK (B.C.)	122.50	507 ARABIC BANK (B.C.)	122.50	508 ARABIC BANK (B.C.)	122.50	509 ARABIC BANK (B.C.)	122.50	510 ARABIC BANK (B.C.)	122.50	511 ARABIC BANK (B.C.)	122.50	512 ARABIC BANK (B.C.)	122.50	513 ARABIC BANK (B.C.)	122.50	514 ARABIC BANK (B.C.)	122.50	515 ARABIC BANK (B.C.)	122.50	516 ARABIC BANK (B.C.)	122.50	517 ARABIC BANK (B.C.)	122.50	518 ARABIC BANK (B.C.)	122.50	519 ARABIC BANK (B.C.)	122.50	520 ARABIC BANK (B.C.)	122.50	521 ARABIC BANK (B.C.)	122.50	522 ARABIC BANK (B.C.)	122.50	523 ARABIC BANK (B.C.)	122.50	524 ARABIC BANK (B.C.)	122.50	525 ARABIC BANK (B.C.)	122.50	526 ARABIC BANK (B.C.)	122.50	527 ARABIC BANK (B.C.)	122.50	528 ARABIC BANK (B.C.)	122.50	529 ARABIC BANK (B.C.)	122.50	530 ARABIC BANK (B.C.)	122.50	531 ARABIC BANK (B.C.)	122.50	532 ARABIC BANK (B.C.)	122.50	533 ARABIC BANK (B.C.)	122.50	534 ARABIC BANK (B.C.)	122.50	535 ARABIC BANK (B.C.)	122.50	536 ARABIC BANK (B.C.)	122.50	537 ARABIC BANK (B.C.)	122.50	538 ARABIC BANK (B.C.)	122.50	539 ARABIC BANK (B.C.)	122.50	540 ARABIC BANK (B.C.)	122.50	541 ARABIC BANK (B.C.)	122.50	542 ARABIC BANK (B.C.)	122.50	543 ARABIC BANK (B.C.)	122.50	544 ARABIC BANK (B.C.)	122.50	545 ARABIC BANK (B.C.)	122.50	546 ARABIC BANK (B.C.)	122.50	547 ARABIC BANK (B.C.)	122.50	548 ARABIC BANK (B.C.)	122.50	549 ARABIC BANK (B.C.)	122.50	550 ARABIC BANK (B.C.)	122.50	551 ARABIC BANK (B.C.)	122.50	552 ARABIC BANK (B.C.)	122.50	553 ARABIC BANK (B.C.)	122.50	554 ARABIC BANK (B.C.)	122.50	555 ARABIC BANK (B.C.)	122.50	556 ARABIC BANK (B.C.)	122.50	557 ARABIC BANK (B.C.)	122.50	558 ARABIC BANK (B.C.)	122.50	559 ARABIC BANK (B.C.)	122.50	560 ARABIC BANK (B.C.)	122.50	561 ARABIC BANK (B.C.)	122.50	562 ARABIC BANK (B.C.)	122.50	563 ARABIC BANK (B.C.)	122.50	564 ARABIC BANK (B.C.)	122.50	565 ARABIC BANK (B.C.)	122.50	566 ARABIC BANK (B.C.)	122.50	567 ARABIC BANK (B.C.)	122.50	568 ARABIC BANK (B.C.)	122.50	569 ARABIC BANK (B.C.)	122.50	570 ARABIC BANK (B.C.)	122.50	571 ARABIC BANK (B.C.)	122.50	572 ARABIC BANK (B.C.)	122.50	573 ARABIC BANK (B.C.)	122.50	574 ARABIC BANK (B.C.)	122.50	575 ARABIC BANK (B.C.)	122.50	576 ARABIC BANK (B.C.)	122.50	577 ARABIC BANK (B.C.)	122.50	578 ARABIC BANK (B.C.)	122.50	579 ARABIC BANK (B.C.)	122.50	580 ARABIC BANK (B.C.)	122.50	581 ARABIC BANK (B.C.)	122.50	582 ARABIC BANK (B.C.)	122.50	583 ARABIC BANK (B.C.)	122.50	584 ARABIC BANK (B.C.)	122.50	585 ARABIC BANK (B.C.)	122.50	586 ARABIC BANK (B.C.)	122.50	587 ARABIC BANK (B.C.)	122.50	588 ARABIC BANK (B.C.)	122.50	589 ARABIC BANK (B.C.)	122.50	590 ARABIC BANK (B.C.)	122.50	591 ARABIC BANK (B.C.)	122.50	592 ARABIC BANK (B.C.)	122.50	593 ARABIC BANK (B.C.)	122.50	594 ARABIC BANK (B.C.)	122.50	595 ARABIC BANK (B.C.)	122.50	596 ARABIC BANK (B.C.)	122.50	597 ARABIC BANK (B.C.)	122.50	598 ARABIC BANK (B.C.)	122.50	599 ARABIC BANK (B.C.)	122.50	600 ARABIC BANK (B.C.)	122.50	601 ARABIC BANK (B.C.)	122.50	602 ARABIC BANK (B.C.)	122.50	603 ARABIC BANK (B.C.)	122.50	604 ARABIC BANK (B.C.)	122.50	605 ARABIC BANK (B.C.)	122.50	606 ARABIC BANK (B.C.)	122.50	607 ARABIC BANK (B.C.)	122.50	608 ARABIC BANK (B.C.)	122.50	609 ARABIC BANK (B.C.)	122.50	610 ARABIC BANK (B.C.)	122.50	611 ARABIC BANK (B.C.)	122.50	612 ARABIC BANK (B.C.)	122.50	613 ARABIC BANK (B.C.)	122.50	614 ARABIC BANK (B.C.)	122.50	615 ARABIC BANK (B.C.)	122.50	616 ARABIC BANK (B.C.)	122.50	617 ARABIC BANK (B.C.)	122.50	618 ARABIC BANK (B.C.)	122.50	619 ARABIC BANK (B.C.)	122.50	620 ARABIC BANK (B.C.)	122.50	621 ARABIC BANK (B.C.)	122.50	622 ARABIC BANK (B.C.)	122.50	623 ARABIC BANK (B.C.)	122.50	624 ARABIC BANK (B.C.)	122.50	625 ARABIC BANK (B.C.)	122.50	626 ARABIC BANK (B.C.)	122.50	627 ARABIC BANK (B.C.)	122.50	628 ARABIC BANK (B.C.)	122.50	629 ARABIC BANK (B.C.)	122.50	630 ARABIC BANK (B.C.)	122.50	631 ARABIC BANK (B.C.)	122.50	632 ARABIC BANK (B.C.)	122.50	633 ARABIC BANK (B.C.)	122.50	634 ARABIC BANK (B.C.)	122.50	635 ARABIC BANK (B.C.)	122.50	636 ARABIC BANK (B.C.)	122.50	637 ARABIC BANK (B.C.)	122.50	638 ARABIC BANK (B.C.)	122.50	639 ARABIC BANK (B.C.)	122.50	640 ARABIC BANK (B.C.)	122.50	641 ARABIC BANK (B.C.)	122.50	642 ARABIC BANK (B.C.)	122.50	643 ARABIC BANK (B.C.)	122.50	644 ARABIC BANK (B.C.)	122.50	645 ARABIC BANK (B.C.)	122.50	646 ARABIC BANK (B.C.)	122.50	647 ARABIC BANK (B.C.)	122.50	648 ARABIC BANK (B.C.)	122.50	649 ARABIC BANK (B.C.)	122.50	650 ARABIC BANK (B.C.)	122.50	651 ARABIC BANK (B.C.)	122.50	652 ARABIC BANK (B.C.)	122.50	653 ARABIC BANK (B.C.)	122.50	654 ARABIC BANK (B.C.)	122.50	655 ARABIC BANK (B.C.)	122.50	656 ARABIC BANK (B.C.)	122.50	657 ARABIC BANK (B.C.)	122.50	658 ARABIC BANK (B.C.)	122.50	659 ARABIC BANK (B.C.)	122.50	660 ARABIC BANK (B.C.)	122.50	661 ARABIC BANK (B.C.)	122.50	662 ARABIC BANK (B.C.)	122.50	663 ARABIC BANK (B.C.)	122.50	664 ARABIC BANK (B.C.)	122.50	665 ARABIC BANK (B.C.)	122.50	666 ARABIC BANK (B.C.)	122.50	667 ARABIC BANK (B.C.)	122.50	668 ARABIC BANK (B.C.)	122.50	669 ARABIC BANK (B.C.)	122.50	670 ARABIC BANK (B.C.)	122.50	671 ARABIC BANK (B.C.)	122.50	672 ARABIC BANK (B.C.)	122.50	673 ARABIC BANK (B.C.)	122.50	674 ARABIC BANK (B.C.)	122.50	675 ARABIC BANK (B.C.)	122.50	676 ARABIC BANK (B.C.)	122.50	677 ARABIC BANK (B.C.)	122.50	678 ARABIC BANK (B.C.)	122.50	679 ARABIC BANK (B.C.)	122.50	680 ARABIC BANK (B.C.)	122.50	681 ARABIC BANK (B.C.)	122.50	682 ARABIC BANK (B.C.)	122.50	683 ARABIC BANK (B.C.)	122.50	684 ARABIC BANK (B.C.)	122.50	685 ARABIC BANK (B.C.)	122.50	686 ARABIC BANK (B.C.)	122.50	687 ARABIC BANK (B.C.)	122.50	688 ARABIC BANK (B.C.)	122.50	689 ARABIC BANK (B.C.)	122.50	690 ARABIC BANK (B.C.)	122.50	691 ARABIC BANK (B.C.)	122.50	692 ARABIC BANK (B.C.)	122.50	693 ARABIC BANK (B.C.)	122.50	694 ARABIC BANK (B.C.)	122.50	695 ARABIC BANK (B.C.)	122.50	696 ARABIC BANK (B.C.)	122.50	697 ARABIC BANK (B.C.)	122.50	698 ARABIC BANK (B.C.)	122.50	699 ARABIC BANK (B.C.)	122.50	700 ARABIC BANK (B.C.)	122.50	701 ARABIC BANK (B.C.)	122.50	702 ARABIC BANK (B.C.)	122.50	703 ARABIC BANK (B.C.)	122.50	704 ARABIC BANK (B.C.)	122.50	705 ARABIC BANK (B.C.)	122.50	706 ARABIC BANK (B.C.)	122.50	707 ARABIC BANK (B.C.)	122.50	708 ARABIC BANK (B.C.)	122.50	709 ARABIC BANK (B.C.)	122.50	710 ARABIC BANK (B.C.)	122.50	711 ARABIC BANK (B.C.)	122.50	712 ARABIC BANK (B.C.)	122.50	713 ARABIC BANK (B.C.)	122.50	714 ARABIC BANK (B.C.)	122.50	715 ARABIC BANK (B.C.)	122.50	716 ARABIC BANK (B.C.)	122.50	717 ARABIC BANK (B.C.)	122.50	718 ARABIC BANK (B.C.)	122.50	719 ARABIC BANK (B.C.)	122.50	720 ARABIC BANK (B.C.)	122.50	721 ARABIC BANK (B.C.)	122.50	722 ARABIC BANK (B.C.)	122.50	723 ARABIC BANK (B.C.)	122.50	724 ARABIC BANK (B.C.)	122.50	725 ARABIC BANK (B.C.)	122.50	726 ARABIC BANK (B.C.)	122.50	727 ARABIC BANK (B.C.)	122.50	728 ARABIC BANK (B.C.)	122.50	729 ARABIC BANK (B.C.)	122.50	730 ARABIC BANK (B.C.)	122.50	731 ARABIC BANK (B.C.)	122.50	732 ARABIC BANK (B.C.)	122.50	733 ARABIC BANK (B.C.)	122.50	734 ARABIC BANK (B.C.)	122.50	735 ARABIC BANK (B.C.)	122.50	736 ARABIC BANK (B.C.)	122.50	737 ARABIC BANK (B.C.)	122.50	738 ARABIC BANK (B.C.)	122.50	739 ARABIC BANK (B.C.)	122.50	740 ARABIC BANK (B.C.)	122.50	741 ARABIC BANK (B.C.)	122.50	742 ARABIC BANK (B.C.)	122.50	743 ARABIC BANK (B.C.)	122.50	744 ARABIC BANK (B.C.)	122.50	745 ARABIC BANK (B.C.)	122.50	746 ARABIC BANK (B.C.)	122.50	747 ARABIC BANK (B.C.)	122.50	748 ARABIC BANK (B.C.)	122.50	749 ARABIC BANK (B.C.)	122.50	750 ARABIC BANK (B.C.)	122.50	751 ARABIC BANK (B.C.)	122.50	752 ARABIC BANK (B.C.)	122.50	753 ARABIC BANK (B.C.)	122.50	754 ARABIC BANK (B.C.)	122.50	755 ARABIC BANK (B.C.)	122.50	756 ARABIC BANK (B.C.)	122.50	757 ARABIC BANK (B.C.)	122.50	758 ARABIC BANK (B.C.)	122.50	759 ARABIC BANK (B.C.)</
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## THE MONEY REPORT

## Coke and Gillette Illustrate How Volatility Can Be Investor's Best Friend

By James K. Glassman

**H**AS COKE gone flat? Has Gillette lost its edge? The stock of the Coca-Cola Co., which had raced, with the summer of 1994 to a peak of \$60.88 in 1998, closed Thursday at \$60.88 — a decline of nearly 30 percent in seven months, while the rest of the market was rising 17 percent.

Meanwhile, the Gillette Co. was having similar troubles, plunging from \$65.25 in late March to \$50 last week — a drop of nearly one-fourth. Coke and Gillette have a lot in common. They were started in the late 19th century and have benefited from excellent management and fantastic brand names. ("Coke," says the company, is the world's second-most-recognized expression, after "O.K.")

They make products that hundreds of millions of people use every day. Their foreign sales

vastly exceed their domestic. They have monster shares of their markets. They are among the top stock holdings of Berkshire Hathaway Inc., the company chaired by Warren Buffett, the most successful investor of our time. And...

They both have had earnings disappointments lately. In other words, they're not making as much money as analysts anticipated they would make.

Both companies are still expected to improve their profits in 1999 and 2000, but both have problems. If they solve them, then both Coke and Gillette appear to be excellent buys right now — good illustrations of how long-term investors can benefit from the myopic vision of much of Wall Street.

The plight of the companies, in fact, is a great lesson in how volatility — in this case, sharply falling prices — can be an investor's best friend. But can Coke and Gillette solve their problems? Coke shocked analysts recently with a report that its "case volume" (that is, the amount of

soft drinks it sells) in North America rose by only 2 percent in the first quarter of this year — or about half what was expected.

North America accounts for just 27 percent of Coke's operating income, with 27 percent coming from Europe, 24 percent from the Middle

JAMES K. GLASSMAN / ON INVESTING

East and Asia, 18 percent from Latin America and 4 percent from Africa. In the foreign divisions, volume fell a bit, but that was expected, with soft economies around the world. But North America was supposed to be better.

Coke still hasn't recovered from the death of its brilliant Cuban-born CEO, Roberto Goizueta, from lung cancer in 1997. Among other things, Coke lacks a powerful advertising campaign and its marketing strategy seems tired. Coke needs to do more than offer super-size drinks, says Michael Branca, a Lehman Brothers

analyst. And, last week, the company suffered a setback in its purchase of the beverage lines of Cadbury Schweppes PLC outside the United States. Australian regulators said it would lead to too much concentration.

Meanwhile, Gillette, the world's largest maker of razors, warned Monday that first-quarter results would be hurt by slow sales growth in Brazil and in its line of Braun appliances.

In a single day, the stock dropped \$7.75. A strong dollar also hurt Gillette, as it did Coke. How bad is it? Small investors cannot possibly answer that question. But they can rely on history and on a simple analysis of the companies' businesses.

The first place I look for confirmation of a company's strength is dividends — much maligned and ignored by investors and analysts.

What I want to see is dividend growth, because it's an indication of how much free cash flow — or dollars that can be passed on to

shareholders — a firm is generating.

In 1989, Coke paid an annual dividend of 17 cents. Since then, the payout has risen every year. In 1999, it will be 64 cents. In March 1989, Coke traded at \$6 a share (a figure adjusted for splits, just as dividends have been). So an investment of \$6,000 would have brought \$170 in dividend checks.

Today, that stake brings \$640 in checks, a return this year on your original investment of more than 10 percent — and rising.

With Gillette, the story is almost identical. Dividends have also risen every year, from 11 cents a share to 51 cents. The stock 10 years ago traded at \$4.50 a share, so an investment of \$4,500 netted \$110 in dividends. Today, it brings \$510 — an annual return of 11.3 percent — or twice the rate of a Treasury bond.

Washington Post Service  
James K. Glassman's e-mail address is jglassman@ihl.com. He welcomes comments, but cannot answer all queries.

## A Kinder, Gentler KKR Turns Its Buyout Attention to Europe

**I**NVESTORS who like to keep an eye on what buyout firms are doing had good reason this week to sit up and focus on plans by Kohlberg Kravis Roberts & Co., Wall Street's biggest buyout specialist, to sell half its \$3 billion stake in Gillette Co. Besides causing a sharp drop in the price of Gillette, the announcement raised the questions of what else KKR has stated for sale and what it plans to do with a war chest that will top \$7.5 billion when the disposal is complete.

The KKR partners Henry Kravis and his cousin George Roberts are keeping mum. But analysts are speculating the company may shift its attention away from the United States, noting that KKR opened a London office in January.

KKR looks at hundreds of companies each year but acquires just five or six. It has eschewed the 1980s policy of hostile takeovers financed by high-yielding bonds, and spokesmen pointed out that the company has always been a relatively long-term holder of its investments.

A bid for the specialty chemical business of Zeneca Group PLC is a strong possibility, they said. The business is up for auction this month and is widely expected to raise at least \$2.5 billion.

"The real problem with U.S. consumer stocks is that they are just so expensive," said Peter Canelo, U.S. investment strategist at Morgan Stanley Dean Witter & Co. in New York. "Gillette has underperformed the market for a long time now so it is hardly surprising that KKR wanted to cash in. But in Europe, the consumer sector is much better value." Last year, KKR tried to take over

Herberts GmbH, a subsidiary of Hoechst AG and the biggest supplier in Europe of coating systems to the automobile industry. That did not work out. KKR got cold feet about the terms as the German economy deteriorated and Hoechst refused to renegotiate.

So KKR refocused its ambitions on the European insurance industry, buying the British broker Willis Corron Group PLC for \$1.4 billion. So far, only four of KKR's 23 majority-owned companies are outside the United States. Three are British, the other is Swiss.

Further American acquisitions remain possible. Mr. Canelo pointed out there are plenty of cheap U.S. companies that could be of interest, notably financial and communications businesses which are difficult to value. The entertainment industry is another possibility. KKR last year jointly acquired Regal Cinemas Inc., the world's biggest motion picture exhibitor, with Hicks, Muse, Tate & Furst Inc. for \$1.2 billion.

KKR has spent more than \$90 billion on acquisitions since it was founded in 1976. That is when the two cousins and Jerome Kohlberg, their mentor, left Bear, Stearns & Co. with a simple strategy: Invest with a five-to-seven year view in companies that have plenty of cash but are undermanaged. Encourage executives to add a substantial portion of their own assets to the equity. Give them some advice, pay down the debt and, when it all goes well, sell and pocket the capital gains.

Simple and no secret, which is why investors at Gillette should not be surprised that the time has come for KKR to cash in. After the sale, KKR will still control about 2.3 percent of Gillette stock, half of the

4.6 percent it currently owns and a third of its stake early last year.

KKR's plans to sell its Gillette stake is a chapter in one of its greatest success stories. It started with Duracell, which KKR acquired from Kraft in 1988, turning it into a cash-making machine by firing up the management and making big investments in technology. Eight years later, it sold the company to Gillette in a stock swap that earned KKR a 39 percent compound annual return on its initial investment.

Its involvement with Safeway Inc., the second-largest food retailing chain in America, was similar. By the time KKR sold its last holding in the company in 1998, it made a \$5.9 billion profit on shares it bought in 1986 for \$130 million.

**I**T DOES NOT always work out for the best. RJR Nabisco Inc. is not the firm's finest legacy. KKR raised \$25 billion, mostly in junk bonds, to finance the hugely leveraged 1989 buyout. Today, that stake is worth about \$9 billion. KKR exited in 1995.

KKR's current portfolio of public companies includes holdings in Amphenol Corp., which makes cables and connectors; Boyds Collection Inc., which makes collectible items; Ilex Corp., the pump-maker; KinderCare Learning Centers Inc., a preschool education and childcare provider; Primedia Inc., a specialty publications and media company formerly known as K-III Communications Corp.; Owens-Illinois Inc., the packaging company; Walter Industries Inc., a conglomerate with interests in homebuilding, finance, mining and manufacturing; and World Color Press Inc., a commercial printer.

—ALINE SULLIVAN



Henry Kravis  
Major holdings:  
Gillette Co.  
Willis Corron  
Group  
KinderCare Learning  
Centers Inc.  
Primedia Inc.  
Owens-Illinois Inc.

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## SPORTS

## Hank Aaron Ponders 'the Might Have Beens'

New York Times Service

NEW YORK — The dual pursuit of Roger Maris's home run record last year created so much good feeling among the fans and the hitters chasing it that Henry Aaron watched with envy.

"I just wish for a moment that I could've enjoyed it as much as Sammy Sosa and Mark McGwire enjoyed it last year," Aaron said of his own earlier pursuit of a home run record.

Twenty-five years ago this week, Aaron hit his 715th home run, eclipsing Babe Ruth's career record. Major League Baseball and the Atlanta Braves celebrated the anniversary Thursday night before the Braves' game with the Philadelphia Phillies, honoring Aaron in a way that many fans and Bowie Kuhn, the commissioner a quarter of a century ago, did not.

Among other things, baseball unveiled the Hank Aaron Award, to be given annually to the player deemed to be the best hitter in each league. It is an award Aaron could have won many times in a remarkable 23-year major league career in which he never hit more than 47 home runs in a season but amassed a record 755.

"Before I got close, it was an important record," Aaron recalled in a conference call. "The closer I got to it, people started to play it down."

"I'm enjoying it very much so now. Twenty-five years ago I was a very bitter person. I've aged and taken my mother's advice: Don't worry about things I don't

## Vantage Point/ MURRAY CHASS

have control over."

Twenty-five years ago, even Aaron's mother could not offer the kind of advice that would have soothed him. Even she could not overcome the racist hate mail that jarred the 40-year-old Aaron to the depths of his soul. Facing National League pitchers was easy compared to facing his mailbox every day.

Aaron was asked if he has rid himself of the unwanted mail. "The hate mail won't be thrown away yet," he said. "We still have hatred in this country and we need to be reminded."

Bud Selig remembers. Now the commissioner, Selig was a longtime friend of Aaron's who saw first-hand what the slugger was battling.

"I've seen hate mail in a lot of situations," Selig said this week. "I have never seen anything like that, never. It was so tragically unfair and just plain wrong. It's a tribute to Henry Aaron that he's been able to survive that and be the person he is today."

In the early 1970s, America was obviously not ready to have a black man supplant the charismatic white man who was the country's most legendary figure of the first half of a century. If the career home run record had to be broken, let it be Mickey Mantle, a white man, who would do it, the reasoning ran.

"If they had a choice of who they wanted to break Babe Ruth's record, it would have been Mickey Mantle first,"

Aaron said. "Mickey was like Marilyn Monroe. He didn't have to be the greatest ball player. He had that charisma. The Yankees had won all those pennants."

At Downing was a rookie pitcher with the New York Yankees during the season in which Mantle and Maris chased Ruth's season record of 60 home runs. Maris broke it. Maris, Downing recalled, "got a lot of hate mail."

His was not racist, though. The racial hatred, the ugly epithets, the death threats made Aaron's mail even worse. The crude, vile letters jolted Aaron and reduced him to tears.

DOWNING WAS pitching for the Los Angeles Dodgers in 1974 and started against the Braves in the fourth game of the season. In the Braves' first game, in Cincinnati, Aaron hit No. 714. Facing the left-handed Downing in the Braves' home opener, Aaron drove No. 715 over the left-centerfield fence.

Was he plagued in any way by being the pitcher who gave up the record-breaking home run?

"No, it never bothered me that I threw the pitch," Downing said by phone from Los Angeles. "What bothered me was the public insinuation afterward that I grooved the pitch. Or that I was less than a major league pitcher because he hit the home run."

Kuhn, the commissioner in 1974, did not see Downing throw that fastball right down the middle. He did not see Aaron hit No. 715. He had seen him tie Ruth's record in Cincinnati and decided that was enough.

In his book, published 13 years later, Kuhn continued to defend his decision not to be in Atlanta for the historic home run.

He explained that he chose instead to keep "a longstanding speaking engagement" in Cleveland before the Wahoo Club and wrote that if he had to do it over, he would still choose Cleveland.

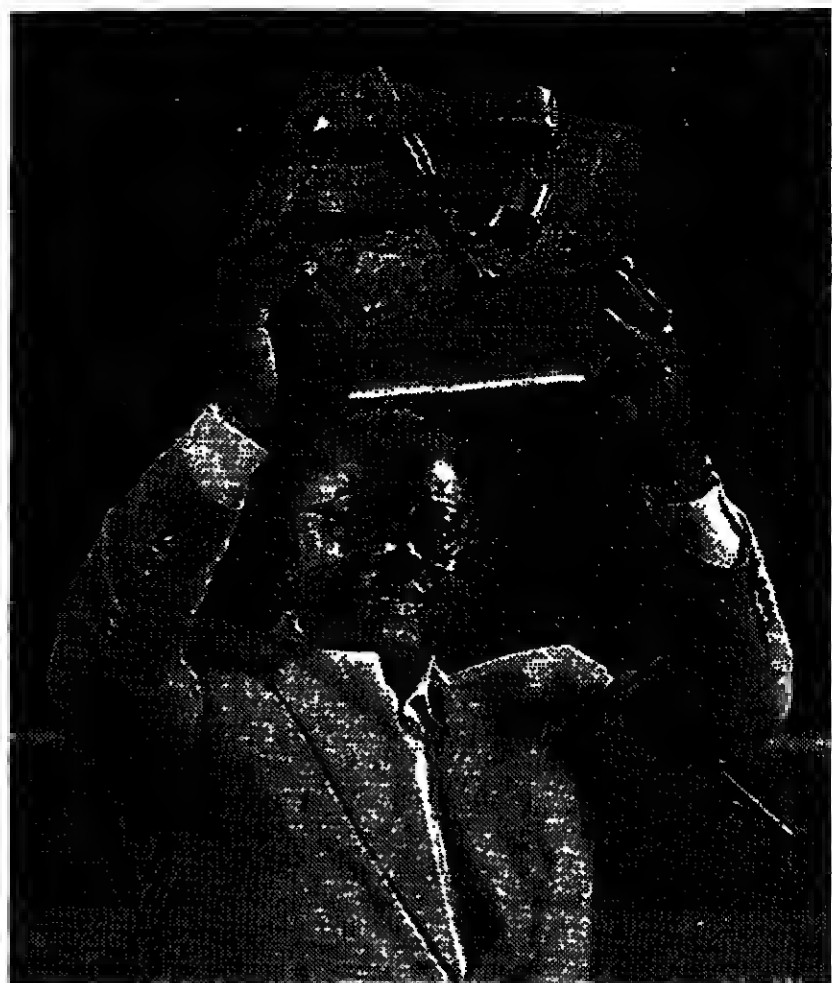
No one ever accused Kuhn of racism, but in snubbing Aaron, he acted as insultingly as some of the letter writers.

Asked now about Kuhn's absence, Aaron said: "I haven't thought about that one. I don't think about that. The commissioner doesn't come up in my train of thought now."

But an associate of Aaron's offered a different view. "Hank is hurt to this day," the associate said. "It hurt him very deeply. He talks about it to this day."

Aaron prefers to talk publicly about other people and other events. His gala 65th birthday party in Atlanta two months ago, for example.

"The president of the United States was at my birthday party," Aaron said, still awed by the thought. "At my birthday party. He came to my birthday party. I went to the White House and stayed in the Queen's room. This has truly been a great year."



Hank Aaron, the home run king, displaying the new award bearing his name that will be given annually to the best hitter in each major league.

## Now That the Games Count, The Royals Don't Look Good

The Associated Press

So much for spring training records. With Jose Offerman again leading the way against his former team, the Boston Red Sox beat the Kansas City Royals, 4-1, Thursday night for a three-game sweep.

The low-budget Royals were a spring surprise, going 22-9 for the best ex-

## AL ROUNDUP

hibition mark in the majors. But now that the games count, all the fun that they had in Florida has subsided. They're 0-3 for the fifth time since 1992.

But Offerman is enjoying every minute. After hitting .315 for the Royals last year, he signed a \$26 million contract to a free agent with the Red Sox. In Kansas City, he got off to an 8-for-15 start that included four doubles and a triple.

In fact, through three games, he's scored five runs, one more than the Royals have scored so far as a team.

"There's no revenge," said Offerman, who has had some sharp words for

Kansas City manager Tony Muser. "I have nothing against them. I have a lot of respect for them. I have a lot of friends there. It's just me doing my job."

Infielder, Angelito Roberto and Sandy Alomar each drove in two runs, the first time the brothers have shared the RBI column as teammates in the same game since playing for San Diego in 1989.

Roberto hit a two-run homer in the first inning in Anaheim. Sandy had a sacrifice fly in the second and later doubled home a run for Cleveland.

Devil Rays 6, Orioles 3 Cal Ripken missed his second straight game because of a stiff back as Tampa Bay beat Baltimore. Ripken had not sat out two in a row since late 1981, soon after making his major league debut. The third baseman is hoping to avoid his first trip to the disabled list.

Dave Martinez went 3-for-4 and drove in three runs. The Devil Rays, who won five of six in Baltimore last year, took two of three at Camden Yards to start the season.

Tuesday 11, White Jays 3, Corey Koskie



The Orioles' Cal Ripken in an unusual position: sitting out injured.

drove in five runs to beat Toronto at the Metrodome. Kookie, one of Minnesota's 10 rookies, had three hits.

Marty Cordova went 4-for-4 with a walk and drove in two runs as the Twins routed Joey Hamilton's league debut.

Hamilton was tagged for seven runs and nine hits in 2 1/3 innings.

## A Card Hits 3d Homer (Not McGwire)

The Associated Press

Maybe it's time to start the Fernando Tatis watch.

The St. Louis Cardinals' other corner infielder homered for the third straight game, hitting a three-run drive off Jim Abbott, as the Cardinals beat the Milwaukee Brewers, 9-4, Thursday in St. Louis.

Tatis has a two-homer lead on Mark McGwire, and he's closing in on one of McGwire's records. If Tatis homers Friday night against the Cincinnati Reds, he'll join McGwire (last season) and Willie Mays (1971) as the only players to homer in each of the first four games in a season.

"I'm surprised, too," Tatis said. "I don't consider myself a power hitter. I just hit the ball good."

Tatis hit 11 homers in 532 at-bats last season, eight after the Cardinals acquired him from Texas on July 31.

He hit a solo homer in the season opener and a two-run shot in a 4-1 victory Wednesday night, giving him six RBIs this week.

His performance has almost made McGwire, the 70-homer man, an afterthought in the Cardinals' clubhouse.

Asked about McGwire's contribution Thursday, the manager Tony La Russa jokingly responded: "What'd he do?"

The former Atlanta closer Mark Wohlers again struggled in his second appearance of the season. He faced three batters, walking two and throwing a sacrifice bunt over the head of the first baseman, Ryan Klesko. Kevin Millwood (0-1) took the loss.

Expos 5, Mets 1 Vladimir Guerrero and Shane Andrews each drove in two runs as Montreal spoiled Orel Hersher's debut with the New York Mets.

A near-sellout crowd of 43,918 at Olympic Stadium in Montreal saw Miguel Batista (1-0) win the Expos' home opener. Ugoeth Urbina got his first save.

Hersher, signed by New York as a free agent on March 25, allowed five runs — four earned — in four innings.

Rockies 4, Dodgers 2 At Los Angeles, Todd Helton's two-out, three-run homer capped a four-run rally in the seventh to lift Colorado.

The former Dodger Brian Bohannon (1-0) allowed three hits and one unearned run to hand his ex-teammates their first loss.

Phillies 6, Braves 3 At Atlanta, Scott Rolen and Rico Brogna hit solo homers,

## NL ROUNDUP

ed homerless and 1-for-10 for the season, but in Houston, Henry Rodriguez and Jose Hernandez hit solo shots off Jose Lima (0-1) to beat the Astros, 2-1.

Giants 12, Padres 4 Barry Bonds hit a two-run homer, and Marvin Benard had a three-run shot as San Francisco celebrated the final home opener at its windswept ballpark at Candlestick Point.

Shawn Estes (1-0), who walked seven batters in five innings, added a three-run double as the Giants scored seven in the fourth.

Phillies 6, Braves 3 At Atlanta, Scott Rolen and Rico Brogna hit solo homers,

## DENNIS THE MENACE



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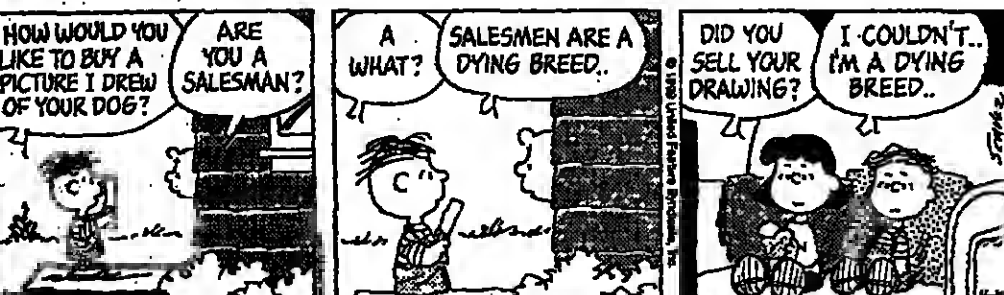
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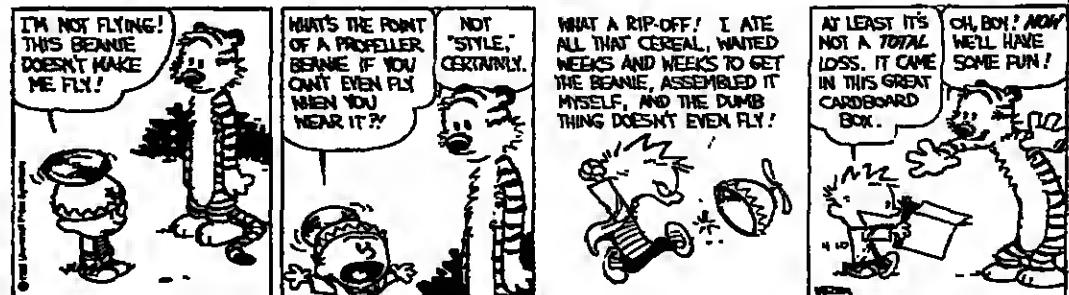
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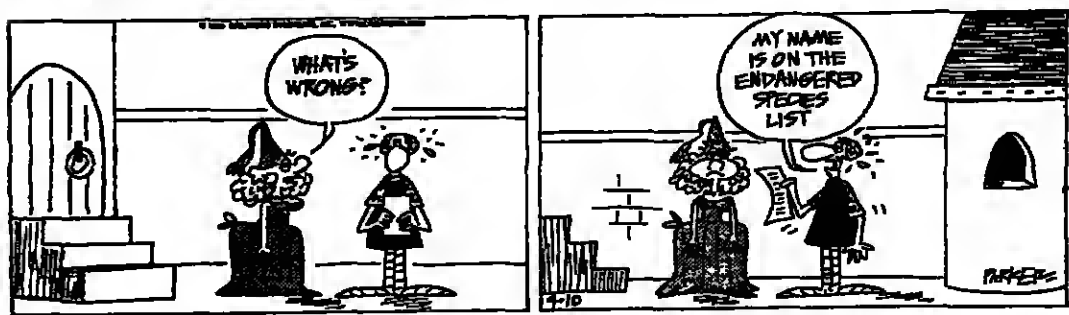
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DAVE BARRY

## Beach Distractions

MIAMI — Vacation season is approaching, so today I want to issue a Travel Warning to help you avoid a menace that could completely ruin your vacation: bosoms.

This menace was brought to my attention by a recent letter to my newspaper, The Miami Herald, written by the Reverend Keith A. Marvel of Wilmington, Delaware. He states:

"Three friends and I recently visited Miami to get in a little Florida sunshine and some golf. Our four-day stay was a bit of a shock.

"First we thought maybe we landed in another country when we walked to a beach — marked for our hotel's guests only — only to find topless women sunbathers. As Christian men, we are taught to flee this type of thing, which is hard in Miami since it seemed that this type of immorality was nearly everywhere.

"Then, the clincher came at 7 P.M. Saturday night when we went to get dinner and came back to find our car, which was 'booted' by a company."

After describing his group's unsuccessful efforts to protest the \$25 parking fine, he states: "I hope that the city of Miami Beach would do something about this ordinance and topless sunbathing. If not, maybe you should warn tourists before they spend their hard-earned money on a trip to Miami."

First, by way of sincere apology, let me state, on behalf of all citizens of Miami and Miami Beach, who have unanimously elected me to speak for them, that the letters in "Keith A. Marvel" can be rearranged to spell "Hark! Evil Meat!"

Let me also state that the reverend is correct: There are topless women sunbathers in Miami, although I think it's a stretch to say they're "nearly everywhere." I've lived in Miami for 13 years, and if it were infested with topless women, I definitely would have noticed. Also it would be mentioned on the TV news.

ANNOUNCER: What's our forecast, Boh?

WEATHER PERSON: Bill, I look for warmer temperatures and continued naked bosoms all over the place, so the public should remain indoors with duct tape over its eyes.

It's not as bad as that. But we do get our topless sunbathers. Most of them are tourists from Europe. Europeans openly smoke cigarettes; they think nothing of toplessness. You cannot turn around in Europe without seeing a marble statue of a topless ancient Greek or Roman goddess the size of a Bodweiser Clydesdale, expressing the ancient artistic concept: "I cannot find a marble brassiere in my size."

So European women often sunbathe topless. European men are also quite exposed. Apparently there was some mix-up over in Europe, whereby all the eye patches were mislabeled as men's bathing suits, the result being that men at the beach often have nothing covering their Euros but a piece of fabric the size of a Cheez-It. Meanwhile, Europeans who injure their eyes are stumbling around with swimming trunks over their heads.

On my fact-finding trips to Miami-area beaches, I've noticed that the Europeans don't seem to notice that they're almost naked. But the Americans definitely do. The American women are cool about it; they have developed the ability to look at things, such as a man's Euro region, via a Stealth Glimpse technique, so that you never actually catch them doing it. (They use a similar technique for scratching.) When an American man, on the other hand, catches sight of a bosom, his head snaps toward it, his eyeballs lock onto it like missile radar and a loud alarm goes off in his brain. As long as the man is within range of the bosom (12 miles) his head will remain pointed toward it and he will be unable to think about anything else: this is the primary cause of freighters running aground.

The point is that if a man, for example the Reverend Marvel, is on the same beach as a bosom, he is physiologically incapable of simply ignoring it. He has to look! And then of course he has to flee. This is why I am issuing the following warning to travelers: IF YOU COME TO THE MIAMI AREA, AND YOU GO TO THE BEACH, THERE IS A CHANCE YOU WILL SEE TOPLESS SUNBATERS. The Orlando tourist bureau has also asked me to warn you that they have a bosom problem there, but the Miami bureau claims that most of the Orlando ones are artificial.

Let me conclude by thanking the Reverend Marvel for alerting the world to this danger. As a token of our appreciation, we will have the people who booted his car executed without trial. And we will make every effort to rid our community of decadent, hedonistic and degenerate activities. We'll start with golf.

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He is correct:  
There are topless  
women sunbathers  
in Miami.

Europeans openly  
smoke cigarettes;  
they think nothing  
of toplessness.

## Larry McMurtry Crawls Back From the Edge

By David Streifeld  
Washington Post Service

ARCHER CITY, Texas — In the early '90s, soon after Larry McMurtry's novel "Lonesome Dove" became a massive television hit, a number of con artists began impersonating the Pulitzer-winning author.

There was the fellow who tried to pick up women in Tucson gas stations by offering to cast them in the saga's sequel. There was the Houstonian who was so persuasive that his fiancée worked at McDonald's to support him while he supposedly wrote his next book.

These fakers would have been annoying to McMurtry under the best of circumstances, but they sprang up at a moment when he felt like an impostor himself. His crisis was triggered by a quadruple-bypass heart operation. Extremely successful in medical terms, it served to loose McMurtry from his emotional moorings.

For all his adult life, he had been a voracious reader and a renowned book dealer, but he now felt only indifference when he picked up a book or magazine. He stopped writing, ceased traveling, found it impossible to engage intellectually for more than a minute. Even the newspaper was beyond him. Mostly he sat on his friend Diana Ossana's couch in Tucson and stared at the mountains. It was a hellish time, and the impostors made it worse. If it was so easy for others to be him, why was it impossible for the man himself?

Ossana coaxed him back to writing by serving as his collaborator on two novels. A good therapist and the passage of time also helped put the writer on the road to recovery. But progress was halting. "I have felt largely posthumous since the operation," McMurtry wrote in an unpublished essay in 1995, four years after the surgery. "My old psyche, or old self, was shattered — now it whirled around me in fragments."

His fiction is still well regarded. His new novel, "Duane's Depressed," received excellent reviews for its portrait of a mental collapse that slightly resembles the author's. But being a mere storyteller isn't enough anymore to sustain fame in this supercharged celebrity culture. The impostors have largely moved on.

There is only one McMurtry of any significance now. Well, almost one. "I think I've come back to 75 percent of my former self," he says in a casual tone, as if he had lost nothing more important than his car keys. "It's just an occasional, rather than a constant,



Larry McMurtry, in his Archer City bookstore, wrote about the operation: "My old psyche, or old self, was shattered — now it whirled around me in fragments."

sense of missing something. It's like stepping into a hole. When it happens I feel vague, as if I don't have myself for a while."

If McMurtry was ever going to feel like McMurtry again, it would be here, in this lonesome town of 2,000 souls a couple of hours northwest of Fort Worth.

He spent a couple of years as a cowboy, but ever since he was in his mid-20s he has herded books instead, first at a store in Houston, then for many years at a store in Georgetown called Booked Up. Never on this scale, however: His goal is to stock his store here, also named Booked Up, with a half-million books, none of them junk. He's about halfway there, which means that Archer City already has the largest selection of good used books between Manhattan and Berkeley.

It was an outlandish idea to try to put a big store here, but maybe a canny one. The urban secondhand bookstore is dying, a victim of high rents and redevelopment. In Archer City, half the town seems abandoned, so space is easy to come by: Booked Up now sprawls over four buildings. What's needed are customers. That's where McMurtry's reputation as a bookman and author comes into play. The first draws in other book dealers, who leave

with full cartloads; the second has produced a good deal of press attention, which is bringing in tourists and western fans.

The residents of Archer City have often had more complicated feelings about their most prominent citizen. The first time McMurtry really made his mark as a novelist was in 1966, with his third novel, "The Last Picture Show." Set in a Texas town that is Archer City in all but name, the story depicts a community full of ignorance, casual cruelty and lust. The main preoccupation of the citizens is sex, sometimes with animals. To underline the point, the author wrote that the tale was "lovingly" dedicated to his hometown.

McMurtry denies basing any of the characters on local folk, but concedes that, after three novels set in and three movies shot in Archer City, "the town doesn't seem to me entirely sure what's fiction and what's fact about its own past. It's all kind of confused and getting more confused."

This is home now. He always visited Archer City over the years, keeping up his connection to the place, but for a long time his real home was in Washington. He went there in 1969 to pursue a relationship,

promptly opened Booked Up in Georgetown, and raised as a single parent his son, James, now a successful singer-songwriter. There was only one problem. "He hated Washington," says Marcia Carter, his old friend and partner in the Washington store. "He doesn't like the people, doesn't like the trees, doesn't like the closed-in feeling. He just doesn't transplant well."

Still, she says, "I never thought he'd return to Archer City. It's so small and limited. There was no reason to go back."

Texas's best writer calls himself a back: It's among the contradictions of McMurtry. He spent most of his adult life living outside the state but became the writer most indelibly associated with it. He flamed other Texas writers for living in the mythic past instead of writing about the cities where most of the people lived, and then produced a novel about a cattle drive that became a huge best-seller and won the Pulitzer Prize. He has written 3,000 pages set in the 19th-century West, but would rather cruise the interstates than get on a horse. He grew up in a town without books, and now he has made sure it has more per capita than anywhere else in the country. "The absence was so great, I never wanted to be without them again," he says, adding with a toothy smile: "It's unlikely I will."

He gets up very early in the morning, reads for a bit — he's now working his way through a large chunk of the critic and diarist Edmund Wilson — then writes briskly, without notes or anguish. Then he works in the store, maybe taking off in the afternoon if the pawkeys are too thick. At night, particularly if there are visitors, he likes to drive out to a restaurant in one of the surrounding towns. Before an early bed, he reads a little more. "A perfect life," he calls it.

I get a lot sicker of writing books than I do of selling them," he says. "It's the Easter-egg hunt, the quest for the pot of gold at the end of the rainbow, for the Grail. It has an appeal on the most childish level possible. Any day you might find a prize."

McMurtry died on that operating table in 1991, even if his body survived. That's as near as he can figure it. He was put on a heart-lung machine for a few hours and then, he says, "jump-started back into life."

"But the Faustian bargain has been made: You're there, but not as yourself," he writes in that unpublished essay. "That self, that personality, lies back beyond the time when you were on the pump."

## PEOPLE

THE TV series "Hawaii Five-0" will be made into a movie now that a rights dispute between CBS and the estate of the show's creator has been resolved. The movie's producer, George Litto, and the widow of Leonard Freeman, the show's creator, prevailed in a 21-month arbitration battle with the network over film rights to the story about the island adventures of no-nonsense cop Steve McGarrett. Litto said he had a script and a large line of credit. He plans to approach studios and stars about getting a big-budget project off the ground. He hopes to be on location in Hawaii as early as this fall. The series ran on CBS from 1968 to 1980.

Maria Maples, the estranged wife of the real-estate mogul Donald Trump, and her former publicist, who once confessed to having a fetish for her shoes, are back in court in New York after a judge ordered a retrial of his 1994 conviction for stealing her shoes and underwear. Chuck Jones, Maples's press agent during the time she was romancing

Trump, is charged with burglary, criminal possession of stolen property and illegal weapons possession. Jones, who served a year of his 18-to-54-month sentence, won a retrial when a federal judge ruled he had been deprived of counsel in his first trial.

A judge has tossed out a lawsuit claiming that Marcia Clark, the O.J. Simpson prosecutor, and two former detectives had no authority to publish crime-scene photos in their books about the murder case. The suit claimed that the photos were state property and should not have been used for personal profit. A Superior Court judge said the plaintiff, Merritt Lori McKeon, had failed to show that she had legal standing to sue. The suit was filed under a California law that allows a private citizen to sue on behalf of the state.

A lawsuit accusing Tammy Wynette's doctor and husband of negligence in her death has "no basis in

fact," attorneys for the doctor said in Nashville, Tennessee. It was the first comment from the camp of Wallis Marsh since the \$50 million wrongful death lawsuit was filed this week by three of Wynette's daughters. The country star was found dead at home in April 1998 by her husband, George Richey, also named in the suit. Marsh signed the death certificate and listed the cause of death as a blood clot in the lungs. The three daughters have charged that Marsh didn't monitor Wynette's condition closely and overprescribed medication.

A secret start has been made in New Zealand on the big-budget movie version of J.R.R. Tolkien's "Lord of the Rings," the New Zealand Herald reported. The movie will be shot by the filmmaker Peter Jackson with 15,000 actors, including soldiers from the New Zealand Army. The company has refused to identify its stars. The shooting is taking place on a farm near Matamata, south of Auckland, and all staffers are sworn to secrecy.



HAIL TO THE BOSS — Bruce Springsteen greeting fans in Barcelona, where he is opening a European tour.



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